

Comprehensive Annual Financial Report

of the

Union County Vocational-Technical Schools

County of Union

Scotch Plains, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

**Union County Vocational-Technical Schools, Board of Education
Finance Department**

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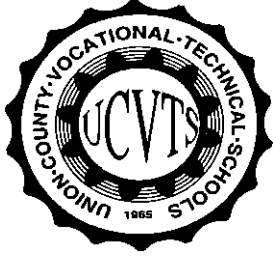
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INTRODUCTORY SECTION



UNION COUNTY VOCATIONAL - TECHNICAL SCHOOLS

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Mr. Peter A. Capodice
Superintendent of Schools

November 28, 2016

Honorable President and
Members of the Board of Education
Union County Vocational-Technical Schools
Scotch Plains, New Jersey 07076

Dear Board Members:

The comprehensive annual financial report of the Union County Vocational-Technical School (UCVTS) District (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 management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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, presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the Uniform Guidance (Federal) and the State Treasury Circular Letter OMB 15-08, "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.

1) **REPORTING ENTITY AND ITS SERVICES:** Effective this year, UCVTS District is no longer an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. The UCVTS Board of Education and all its schools are now considered fiscally dependent upon County Government and must now report under GASB Statement No. 34.

The District provides a full range of educational services appropriate to grade levels 9 through 12. The District completed the 2015-2016 fiscal year with an enrollment of 1,927 students. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student (6/30) Enrollment	Percent Change
2015-16	1927	0.4%
2014-15	1919	5.2%
2013-14	1825	-.7%
2012-13	1838	.8%
2011-12	1823	1.6%
2010-11	1795	6.7%
2009-10	1683	8.7%
2008-09	1549	7.0%
2007-08	1443	2.0%
2006-07	1414	7.0%
2005-06	1322	15.3%
2004-05	1147	3.1%
2003-04	1112	15.5%

During the course of the 2015-2016 school year, the district accepted its twentieth freshman class for the Union County Magnet High School for Mathematics, Science, and Technology. There were 296 students enrolled in the Magnet High School.

In September 2015, the District accepted its fifteenth class of full-time vocational education students (UCTECH) and Academy for Information Technology students. In the 2015-2016 school year there were 273 students enrolled in the Academy for Information Technology and 360 in UCTECH.

In September 2015, the District accepted its tenth full-time class of freshman students in the Academy for Allied Health Sciences. In the 2015-2016 school year there were 279 students enrolled in the Academy for Allied Health Sciences.

Also, in September 2015 the District accepted its eighth class of freshman students in the Academy for Performing Arts. In the 2015-2016 school year there were a total of 189 students enrolled in the Academy for Performing Arts with the senior class of 48 students being housed and earning university freshman credits at Kean University.

2) ECONOMIC CONDITION AND OUTLOOK: The Union County area is experiencing the same struggles as the rest of the nation, a turn down in development and expansion. Any number of businesses starting or relocating to the area will result in an increase in the employment level which results in an increased tax base, both residential and industrial and an anticipated increase in annual daily enrollment. It is critical that Union County take steps to continue efforts for expansion.

3) MAJOR INITIATIVES: In the vast majority of our vocational-technical programs, students continue to score above the state and national averages on their important end of course assessments. Over 94% of our students taking the PARCC assessments during the 2015- 2016 school year finished at or above the state average. All of the districts full-time high schools were successful in meeting the standards of annual yearly progress (AYP).

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimate. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in subsequent years. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of fund and account groups. These fund and account groups are explained in "Notes to the Financial Statement," Note I.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. You should review in detail the Management's Discussion and Analysis for the Fiscal Year ended June 30, 2016, for Financial Summaries.

8) DEBT ADMINISTRATION: At June 30, 2016, the District had no outstanding debt.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking


Institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.


10) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehension/collision, hazard and theft insurance on property and contents, and fidelity bonds.

11) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney and Company, CPA's, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Uniform Guidance (Federal) and State Treasury Circular Letter OMB 15-08. 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.

12) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the UCVTS Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of Union County and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial staff.

Respectfully submitted,


Peter A. Capodice
Superintendent of Schools


Janet Behrmann
Board Secretary/School Business Administrator

PAC/jab
Enclosure (1)

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jane Lorber	2017
Theodora Kulish	2016
Lawrence Caroselli	2018
Jean Perkins	2019
Roger A. Jinks, Sr	-

Other Officials

Peter A. Capodice, Superintendent

Janet Behrmann, Business Administrator/Board Secretary

Edward H. Mellage, Treasurer

Robert F. Varady, Esq., Board Attorney

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
CONSULTANTS AND ADVISORS
JUNE 30, 2016**

Audit Firm

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

Architect

Netta Architects
1084 Route 22 West
Mountainside, NJ 07092

Official Depository

Investors Bank
437 Park Avenue
Scotch Plains, NJ 07076

Attorney

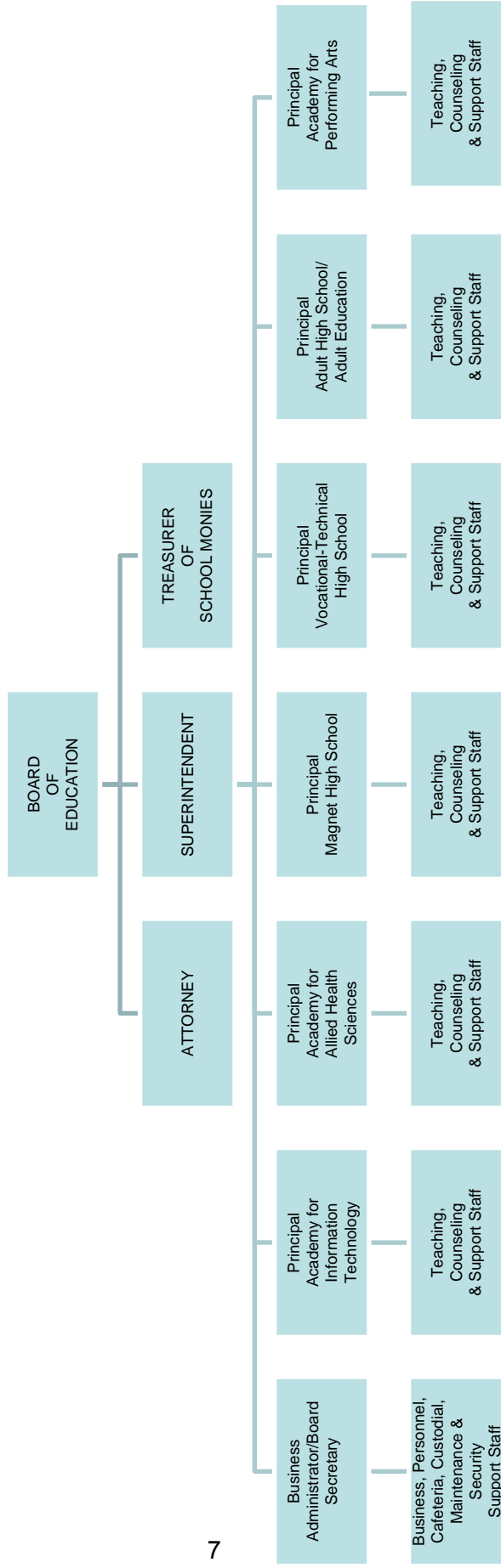
Robert F. Varady, Esq.
La Corte, Bundy, Varady & Kinsella
989 Bonnel Court
Union, NJ 07083

Insurance Broker of Record

Reliance Insurance Group, LLC
1460 Route 9 North, Suite 310
Woodbridge, NJ 07095

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS ORGANIZATION CHART

2015-2016



FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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E-mail info@senco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Union County Vocational-Technical Schools
County of Union
Scotch Plains, New Jersey 07076

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 Union County Vocational-Technical Schools, County of Union, New Jersey 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union County Vocational-Technical Schools, County of Union, New Jersey 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 in Exhibit C-1 through C-3 and the pension schedules in Exhibit L-1 through L-4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPLEE, CLOONEY & COMPANY

Other Information

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

The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and by the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, such as the introductory and statistical sections, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2016 on our consideration of the Union County Vocational-Technical Schools 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 Union County Vocational-Technical Schools internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

November 28, 2016

REQUIRED SUPPLEMENTARY INFORMATION – Part I

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

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCOTCH PLAINS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
UNAUDITED**

The discussion and analysis of Union County Vocational-Technical School (UCVTS) District's financial performance provides an overall review of the (UCVTS) District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments* issued in June 1999. Certain comparative information between the current fiscal year (2015-2016) and the prior fiscal year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for Fiscal Year 2016 are as follows:

- General revenues accounted for \$11,952,325.79 in revenue or 41 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$17,246,458.69. Net investment in Capital assets decreased by \$298,631.26.
- The School District had \$30,255,131.02 in expenses; only \$17,246,458.69 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily County tax levy and tuition) of \$11,952,325.79 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$23,622,062.92 in revenues and \$23,558,408.15 (net of capital leases) in expenditures. The General Fund's fund balance increased \$201,857.63 over Fiscal Year 2015. This increase was anticipated by the Board of Education.

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCOTCH PLAINS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE 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 understand UCVTS District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of UCVTS District, 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 the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School District have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCOTCH PLAINS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
UNAUDITED**

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Government Activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business – Type Activity – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service, and Material for Resale enterprise funds are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

Governmental Funds

The 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 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 the reader 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.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCOTCH PLAINS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
UNAUDITED**

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 and 2015.

**Table 1
Net Position**

Assets	2016	2015
Current and Other Assets	\$6,969,730.42	\$8,031,450.86
Capital Assets	<u>74,250,371.60</u>	<u>74,595,278.18</u>
 Total Assets	 <u>81,220,102.02</u>	 <u>82,626,729.04</u>
 Deferred Outflow of Resources:		
Related to pensions	818,157.00	224,811.00
 Liabilities		
Long-Term Liabilities	4,903,833.03	4,193,583.29
Other Liabilities	<u>684,708.93</u>	<u>914,814.16</u>
 Total Liabilities	 <u>5,588,541.96</u>	 <u>5,108,397.45</u>
 Deferred Inflow of Resources:		
Related to pensions	632,905.00	869,984.00
 Net Position		
Net Investment in Capital Assets	73,829,591.96	74,128,223.22
Restricted	5,588,974.34	6,369,307.76
Unrestricted (Deficit)	<u>(3,601,754.24)</u>	<u>(3,624,372.39)</u>
 Total Net Position	 <u><u>\$75,816,812.06</u></u>	 <u><u>\$76,873,158.59</u></u>

The District's combined net position was \$75,816,812.06 on June 30, 2016. This was a decrease of 1 percent from the prior year. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCOTCH PLAINS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 2 shows changes in net position for fiscal year 2016 and 2015.

**Table 2
Changes in Net Position**

Revenues	2016	2015
Program Revenues:		
Charges for Services	\$10,917,031.50	\$10,583,983.09
Operating Grants and Contributions	6,329,427.19	5,264,322.25
Capital Grants and Contributions		
General Revenues:		
Property Taxes	4,690,000.00	4,500,000.00
Grants and Entitlements	7,052,796.66	7,247,613.38
Other	<u>209,529.13</u>	<u>277,880.02</u>
 Total Revenues	 <u>29,198,784.48</u>	 <u>27,873,798.74</u>
 Program Expenses		
Instruction	16,988,949.65	15,961,020.39
Support Services:		
Pupils and Instructional Staff	2,020,858.12	1,757,372.97
General and School Administration and Business Operations and Maintenance	9,568,989.00	9,401,881.64
Pupil Transportation	47,030.12	52,532.72
Business Type Activities	403,250.62	398,288.99
Other	<u>1,226,053.51</u>	<u>1,112,903.51</u>
 Total Expenses	 <u>30,255,131.02</u>	 <u>28,684,000.22</u>
 Change in Net Position	 <u><u>(\$1,056,346.53)</u></u>	 <u><u>(\$810,201.48)</u></u>

Both revenues and expenses increased mainly as a result of the district recognizing a larger on-behalf TPAF contribution as a revenue and as an expense based upon the State's Actuarial report

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Government Activities

The unique nature of County property taxes in New Jersey creates the legal requirements to annually seek approval of the Union County Board of School Estimates for the School District operations. County property taxes made up 16 percent of revenues for governmental activities for the UCVTS District for fiscal year 2016. The District's total revenues were \$28,805,927.02 for the year ended June 30, 2016. Federal, state, local grants and aid accounted for another 39 percent of revenue and tuition accounted for another 37 percent of the revenue.

Business-Type Activities

Revenues for the District's business-type activities were comprised of charges for services. These services are included but are not limited to Food Service, and Materials for Resale. Following are some of our major business type activity results.

Overall business type expenditures exceeded revenues by \$10,393.16.

- Food service revenues were \$16,643.26 less than expenditures.
- Materials for resale revenues were \$6,250.10 more than expenditures. We purchase materials for our students and resell them at cost.
- Electronic Technology Training Center was closed out to the General Fund.

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCOTCH PLAINS, NEW JERSEY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
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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

	Total Cost of <u>Services 2016</u>	Total Cost of <u>Services 2015</u>	Net Cost of <u>Services 2016</u>	Net Cost of <u>Services 2015</u>
Instruction	\$16,988,949.65	\$15,961,020.39	3,275,567.68	3,093,214.51
Support Services:				
Pupils and Instructional Staff	2,020,858.12	1,757,372.97	1,339,034.07	1,187,310.52
General and School Administration and Business and Maintenance	9,568,989.00	9,401,881.64	8,078,588.76	8,193,814.08
Pupil Transportation	47,030.12	52,532.72	47,030.12	52,532.72
Business Type Activities	403,250.62	398,288.99	10,393.16	56,358.73
Other	<u>1,226,053.51</u>	<u>1,112,903.51</u>	<u>258,058.53</u>	<u>252,464.32</u>
Total Expenses	<u>\$30,255,131.02</u>	<u>\$28,684,000.22</u>	<u>\$13,008,672.32</u>	<u>\$12,835,694.88</u>

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

Pupils and instructional staff 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.

Operation and maintenance of facilities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

“Other” includes special schools and unallocated depreciation.

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCOTCH PLAINS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
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The School District's Funds

All governmental funds (i.e., general fund, special revenue fund and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$24,576,804.88 and expenditures were \$24,513,150.11. The table below only includes revenues in the general fund and special revenue fund. Capital project funds are not included.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increase and decrease in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Inc/(Dec) FY 2015</u>	<u>Percent Inc/(Dec)</u>
County Levy	\$4,690,000.00	19.08%	\$190,000.00	4.22%
Tuition	10,624,412.75	43.23%	280,716.24	2.71%
Other	209,529.13	0.85%	(79,454.61)	-27.49%
State Sources	8,122,621.04	33.05%	408,635.05	5.30%
Federal Sources	<u>930,241.96</u>	<u>3.79%</u>	<u>(47,373.43)</u>	<u>-4.85%</u>
Total	<u><u>\$24,576,804.88</u></u>	<u><u>100.00%</u></u>	<u><u>\$752,523.25</u></u>	<u><u>3.06%</u></u>

The increase in local revenue was primarily due to an increase in federal grant revenues.

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCOTCH PLAINS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2016, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Inc/(Dec) FY 2015</u>	<u>Percent Inc/(Dec)</u>
Current:				
Instruction	\$10,887,391.20	44.41%	\$254,636.94	2.39%
Undistributed	12,887,716.33	52.57%	327,080.81	2.60%
Capital Outlay	232,761.38	0.95%	(355,769.33)	-60.45%
Special Schools	<u>505,281.20</u>	<u>2.06%</u>	<u>7,894.48</u>	<u>1.59%</u>
 Total	 <u>\$24,513,150.11</u>	 <u>100.00%</u>	 <u>\$ 233,842.90</u>	 <u>0.95%</u>

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 cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent overexpenditures in specific line item accounts. Several of these revisions bear notation:

The district instituted a new one-to-one technology initiative for all 9th grade students.

In the second half of the fiscal year the district opened a new alternative high school for students recovering from substance abuse.

A substantial number of students throughout the district qualified for state and national competitions requiring additional field trip funding.

A legal issue from the past was resolved by the court requiring additional funding for the settlement

Due to the requirement to go out for public bid, the district contract for cleaning services was higher than anticipated

The new three year negotiated bargaining agreement with the UCVTEA was not finalized until after the district budget was approved

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCOTCH PLAINS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Capital Assets

At the end of the fiscal year 2016, the School District had \$74,250,371.60 invested in land, building, machinery and equipment, easements and construction in progress. Table 4 shows fiscal year 2016 balances compared to 2015.

**Table 4
Capital Assets (Net of Depreciation) at June 30, 2016**

	<u>2016</u>	<u>2015</u>
Land	\$1,289,141.75	\$1,289,141.75
Construction in Progress	13,140,589.48	11,452,028.69
Site Improvements	274,166.73	305,662.41
Building and Building Improvements	53,087,188.83	54,718,692.81
Intangible Asset-Easement	3,673,611.01	3,840,277.69
Machinery and Equipment	<u>2,785,673.80</u>	<u>2,989,474.83</u>
Total	<u><u>\$74,250,371.60</u></u>	<u><u>\$74,595,278.18</u></u>

Overall capital assets decreased \$344,906.58 from fiscal year 2015 to fiscal year 2016.

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCOTCH PLAINS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
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State of the District

The Union County Vocational-Technical School District provides a full range of educational services appropriate to grade levels 9 through 12. The School District completed the 2015-2016 fiscal school year with an enrollment of 1,970 students, over a 67 percent growth in enrollment over the last ten years and a 14 percent increase in the last five years. In addition, the district continues to offer a wide range of evening programs to the residents of Union County.

During the course of the 2015-2016 school year, the District accepted its nineteenth freshman class for the Union County Magnet High School for Mathematics, Science, and Technology. There were 298 students enrolled in the Magnet High School.

In September 2015, the District accepted its fifteenth class of full-time vocational education UC Tech and Academy for Information Technology students. During that school year there were 275 students enrolled in the Academy for Information Technology and 361 students in UC Tech.

In September 2015, the District accepted its tenth freshman class for the Academy for Allied Health Sciences and finished the school year with 280 students.

In September 2015, the district accepted its seventh class of full time students in our Academy for Performing Arts. There were 190 students enrolled in the program. This innovative program includes senior year students of the program being housed on the campus of Kean University in Union, NJ. These students take a full complement of college courses while completing their high school graduation requirements. In May 2016, we successfully graduated our fourth class of 41 students.

In the vast majority of our vocational-technical training programs, students continue to score above the state and national averages on their end of course assessments. Over ninety percent of the students taking these assessments during the 2015-2016 school year finished at or above the national average. All of the districts high schools were successful in meeting the standards of annual yearly progress (AYP)

The Union County Vocational-Technical School District is proud of the accomplishments of all its schools and programs and is extremely proud to announce its latest in a long line of awards. We have been awarded the Excellence in Action award which recognizes and honors superior Career Technical Education (CTE) programs which exemplify excellence in the implementation of Career Clusters, and have a meaningful impact on student achievement and success. This in addition to multiple Blue Ribbon School awards, Governors School of Excellence Awards and earning national acclaim by having all five of our schools ranked in the top 149 in the nation.

The Union County Vocational-Technical School District continues to commit itself to providing the highest level of educational programs while maintaining financial excellence. The School District's system for financial planning, budgeting and internal financial controls are well regarded. Finally, the District has continued to perform well financially even during these trying times.

Negotiated labor agreements with all of our unions expired on June 30, 2014 and we have successfully negotiated agreements that are mutually beneficial with all of our unions. The successful

**UNION COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT
SCOTCH PLAINS, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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completion of negotiations will allow us to budget more accurately during this the life of the agreement and help us control operating expenditures.

We continue to make every effort to control both Health and Liability Insurance expenses. To date, in addition to having staff members contribute to their health benefit premiums, our enrollment in a mix of Private Carriers has assisted the District in controlling medical, dental and prescription drug expenses. We have also been effective in controlling our Liability Insurance and Workers Compensation costs by enrolling in a Pooled Insurance Program.

In the future, we must continue to accept multiple proposals to ensure that we are getting the best possible coverage at the least possible expense.

Contacting the School District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact the Business Administrator's Office, Union County Vocational-Technical Schools, 1776 Raritan Road, Scotch Plains, NJ 07076. Also, please visit our website to learn more about our School District www.ucvts.tec.nj.us.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2016.

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.

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$ 818,700.61	\$ 227,258.21	\$ 1,045,958.82
Receivables, net	5,825,886.78	15,548.74	5,841,435.52
Inventory		2,315.09	2,315.09
Interfund receivable	80,020.99		80,020.99
Capital assets:			
Land and construction in progress	14,429,731.23		14,429,731.23
Other capital assets, net of accumulated depreciation	<u>59,820,640.37</u>		<u>59,820,640.37</u>
Total assets	80,974,979.98	245,122.04	81,220,102.02
DEFERRED OUTFLOW OF RESOURCES:			
Related to pensions	<u>818,157.00</u>		<u>818,157.00</u>
	818,157.00		818,157.00
LIABILITIES:			
Cash overdraft			
Accounts payable	599,878.64	11,240.26	611,118.90
Interfunds payable		61,886.70	61,886.70
Unearned revenue	6,387.09	5,316.24	11,703.33
Noncurrent liabilities:			
Due within one year:			
Bonds and capital leases payable	218,333.19		218,333.19
Due beyond one year:			
Net Pension Liability	3,592,513.00		3,592,513.00
Compensated absences payable	695,540.39		695,540.39
Bonds and capital leases payable	<u>397,446.45</u>		<u>397,446.45</u>
Total liabilities	5,510,098.76	78,443.20	5,588,541.96
DEFERRED INFLOW OF RESOURCES:			
Related to pensions	632,905.00		632,905.00
NET POSITION:			
Net Investment in capital assets	73,829,591.96		73,829,591.96
Restricted for:			
Capital projects	3,642,997.78		3,642,997.78
Other purposes	1,945,976.56		1,945,976.56
Unrestricted (deficit)	<u>(3,768,433.08)</u>	<u>166,678.84</u>	<u>(3,601,754.24)</u>
Total net position	\$ <u>75,650,133.22</u>	\$ <u>166,678.84</u>	\$ <u>75,816,812.06</u>

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

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
STATEMENT OF ACTIVITIES
JUNE 30, 2016

Functions/Programs	Expenses	Indirect Expenses Allocation	Programs Revenues		Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total	
Governmental activities:									
Instruction:									
Vocational - regular	\$ 9,987,202.26	\$ 5,308,669.68	\$ 9,425,675.00	\$ 2,909,480.33	\$			\$ (2,960,716.61)	\$ (2,960,716.61)
Vocational - special	795,192.64	538,986.62	709,800.00	615,198.06				(9,181.20)	(9,181.20)
School-sponsored cocurricular activities	298,616.50	60,281.95		53,228.58				(305,669.87)	(305,669.87)
Support services:									
Student and instruction related services	1,435,328.78	585,529.34		681,824.05				(1,339,034.07)	(1,339,034.07)
General administrative services	566,776.54	533,414.77		159,685.74				(940,505.57)	(940,505.57)
School administrative services	878,210.61	705,982.12		532,285.80				(1,051,906.93)	(1,051,906.93)
Central services	649,286.89	527,815.20		425,828.64				(751,273.45)	(751,273.45)
Plant operations and maintenance	3,340,971.47	2,366,531.40		372,600.06				(5,334,902.81)	(5,334,902.81)
Pupil transportation	47,030.12							(47,030.12)	(47,030.12)
Unallocated benefits	8,856,456.99	(8,856,456.99)							
Special schools	505,281.20	705,517.49	488,937.75	479,057.22				(242,803.72)	(242,803.72)
Interest on long-term debt	15,254.82							(15,254.81)	(15,254.81)
Unallocated depreciation	2,476,271.58	(2,476,271.58)							
Total governmental activities	29,851,880.40		10,624,412.75	6,229,188.48			(12,998,279.16)		(12,998,279.16)
Business-type activities									
Materials for resale	39,211.33		45,461.43					6,250.10	6,250.10
Food service	364,039.29		247,157.32	100,238.71				(16,643.26)	(16,643.26)
Total business-type activities	403,250.62		292,618.75	100,238.71				(10,393.16)	(10,393.16)
Total primary government	\$ 30,255,131.02	\$	\$ 10,917,031.50	\$ 6,329,427.19	\$	\$	(12,998,279.16)	\$ (10,393.16)	\$ (13,008,672.32)
General revenues:									
Taxes:									
Property taxes									
Federal and state aid not restricted									
Federal and state aid restricted									
County of Union									
Miscellaneous income									
Total general revenues, transfers and special items									
Change in net assets									
Net position - beginning									
Net position - ending									

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

MAJOR FUND FINANCIAL STATEMENTS

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

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS:				
Cash, capital reserve	\$ 147,099.94	\$ 122,086.16	\$ 549,514.51	\$ 818,700.61
Receivables from other governments	76,977.36	231,101.96	3,755,764.57	4,063,843.89
Other (tuition)	1,742,934.43			1,742,934.43
Other receivables	19,108.46			19,108.46
Interfunds receivable	<u>907,668.07</u>			<u>907,668.07</u>
 Total assets	 <u>\$ 2,893,788.26</u>	 <u>\$ 353,188.12</u>	 <u>\$ 4,305,279.08</u>	 <u>\$ 7,552,255.46</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 255,702.39	\$ 141,217.23	\$ 45,148.02	\$ 442,067.64
Interfund payables		210,513.80	617,133.28	827,647.08
Unearned revenue	<u>4,930.00</u>	<u>1,457.09</u>		<u>6,387.09</u>
 Total liabilities	 <u>260,632.39</u>	 <u>353,188.12</u>	 <u>662,281.30</u>	 <u>1,276,101.81</u>
Fund balances:				
Restricted for:				
Capital reserve account	1,301,337.03			1,301,337.03
Excess surplus - designated for subsequent years expenditure	411,167.07			411,167.07
Assigned for year-end encumbrances	233,472.46			233,472.46
Committed - year end encumbrances			751,228.08	751,228.08
Unassigned	<u>687,179.31</u>		<u>2,891,769.70</u>	<u>3,578,949.01</u>
 Total fund balances	 <u>2,633,155.87</u>		 <u>3,642,997.78</u>	 <u>6,276,153.65</u>
 Total liabilities and fund balances	 <u>\$ 2,893,788.26</u>	 <u>\$ 353,188.12</u>	 <u>\$ 4,305,279.08</u>	 <u>\$ 7,552,255.46</u>

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

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

Total Fund Balances (Brought Forward)		\$6,276,153.65
<p>Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of Assets	\$102,640,847.40	
Accumulated Depreciation	<u>(28,390,475.80)</u>	74,250,371.60
<p>Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
Net Pension Liability	(3,592,513.00)	
Compensated Absences	(695,540.40)	
Bonds Payable	(195,000.00)	
Capital Leases	<u>(420,779.64)</u>	(4,903,833.04)
<p>Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.</p>		
Pensions:		
Deferred Outflows		
Pension expense		818,157.00
Deferred Inflows:		
Pension expense		(632,905.00)
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accounts Payable- Pension Related	<u>(157,811.00)</u>	<u>(157,811.00)</u>
Net Position of Governmental Activities		<u><u>\$75,650,133.22</u></u>

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

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
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	\$ 4,690,000.00	\$	\$	\$ 4,690,000.00
County of Union			1,272,431.14	1,272,431.14
Tuition from LEA	10,135,475.00			10,135,475.00
Other tuition	488,937.75			488,937.75
Miscellaneous	209,529.13			209,529.13
	<hr/>	<hr/>	<hr/>	<hr/>
Total - local sources	15,523,941.88		1,272,431.14	16,796,373.02
State sources	8,098,121.04	24,500.00		8,122,621.04
Federal sources		930,241.96		930,241.96
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	23,622,062.92	954,741.96	1,272,431.14	25,849,236.02
EXPENDITURES:				
Current expense:				
Regular vocational programs - instruction	9,385,845.03	407,737.03		9,793,582.06
Special vocational programs - instruction	552,594.64	242,598.00		795,192.64
School sponsored cocurricular activities-instruction	298,616.50			298,616.50
Support services:				
Student and instruction related services	1,179,333.37	255,995.41		1,435,328.78
General administrative services	571,020.08			571,020.08
School administrative services	884,856.64			884,856.64
Central services and admin tech.	655,065.32			655,065.32
Plant operations and maintenance	3,340,971.47			3,340,971.47
Pupil transportation	47,030.12			47,030.12
Unallocated benefits	5,953,443.92			5,953,443.92
Special schools	505,281.20			505,281.20
Capital outlay	184,349.86	48,411.52	2,275,288.82	2,508,050.20
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	23,558,408.15	954,741.96	2,275,288.82	26,788,438.93
Excess (deficiency) of revenues over (under) expenditures	63,654.77		(1,002,857.68)	(939,202.91)
Other financing sources (uses):				
Capital leases (non-budgeted)	138,202.86			138,202.86
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	138,202.86			138,202.86
Net change in fund balances	201,857.63		(1,002,857.68)	(801,000.05)
Fund balances, June 30, 2015	2,431,298.24		4,645,855.46	7,077,153.70
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, June 30, 2016	\$ 2,633,155.87	\$	\$ 3,642,997.78	\$ 6,276,153.65

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

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total net change in fund balances - governmental funds (from B-2) \$ (801,000.05)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period

Depreciation expense	\$	(2,476,271.58)	
Capital outlays		2,508,050.20	
Less: Capital outlays not capitalized		<u>(376,685.20)</u>	
			(344,906.58)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Payment of capital lease payable	184,478.18
Payment of pension costs payable	90,000.00

Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

Capital lease proceeds	(138,202.86)
------------------------	--------------

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District pension contributions	137,589.00		
Less: Pension expense		<u>(146,142.00)</u>	
			(8,553.00)

In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

		<u>(27,769.07)</u>	
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Change in net position of governmental activities	\$	<u><u>(1,045,953.37)</u></u>	
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The accompanying Notes to the Financial Statements are an integral part of this statement.

OTHER FUNDS

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	MATERIALS FOR RESALE FUND (<u>NON-MAJOR</u>)	FOOD SERVICE FUND (<u>NON-MAJOR</u>)
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 188,322.10	\$ 38,936.11
Intergovernmental receivables:		
State		514.40
Federal		15,034.34
Inventories		2,315.09
Total current assets	<u>188,322.10</u>	<u>56,799.94</u>
 Total assets	 \$ <u><u>188,322.10</u></u>	 \$ <u><u>56,799.94</u></u>
LIABILITIES:		
Current liabilities:		
Interfund payable	\$ 5,000.00	\$ 56,886.70
Accounts Payable		11,240.26
Unearned revenue - Prepaid Sales		4,419.29
Unearned revenue		896.95
Total current liabilities	<u>5,000.00</u>	<u>73,443.20</u>
 Total liabilities	 <u>5,000.00</u>	 <u>73,443.20</u>
NET POSITION:		
Unassigned (Deficit)	<u>183,322.10</u>	<u>(16,643.26)</u>
 Total net position	 \$ <u><u>183,322.10</u></u>	 \$ <u><u>(16,643.26)</u></u>

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

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>MATERIALS FOR RESALE FUND (NON-MAJOR)</u>	<u>FOOD SERVICE FUND (NON-MAJOR)</u>
OPERATING REVENUES:		
Charges for services:		
Daily sales - reimbursable programs	\$	\$ 187,537.27
Daily sales - non-reimbursable programs		59,536.20
Miscellaneous	45,461.43	83.85
	<hr/>	<hr/>
Total operating revenues	45,461.43	247,157.32
OPERATING EXPENSES:		
Cost of sales-reimbursable programs		92,951.82
Cost of sales-non-reimbursable programs		29,508.00
Salaries		129,609.03
Employee benefits		77,635.49
Cleaning, repairs & maintenance		2,780.45
Supplies and materials	39,211.33	16,404.50
Management fee		15,150.00
Miscellaneous		
	<hr/>	<hr/>
Total operating expenses	39,211.33	364,039.29
Operating income (loss)	6,250.10	(116,881.97)
NONOPERATING REVENUES (EXPENSES):		
State Sources:		
State School Lunch Program		2,742.79
Federal Sources:		
National School Breakfast Program		3,696.27
National School Lunch Program		74,152.36
National Food Distribution Commodities		19,647.29
	<hr/>	<hr/>
Total nonoperating revenues (expenses)		100,238.71
Income (loss) before contributions & transfers	6,250.10	(16,643.26)
Transfers in / (out)		
Change in net position	6,250.10	(16,643.26)
Total net position - beginning	177,072.00	<hr/>
Total net position - ending (Deficit)	\$ 183,322.10	\$ (16,643.26)

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

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>MATERIALS FOR RESALE FUND (NON-MAJOR)</u>	<u>FOOD SERVICE FUND (NON-MAJOR)</u>
Cash flows from operating activities:		
Receipts from customers	\$ 45,461.43	\$ 251,576.61
Payments to employees		(125,575.41)
Payments to employees benefits		(76,602.28)
Payments to suppliers	<u>(39,211.33)</u>	<u>(131,185.18)</u>
Net cash provided by (used for) operating activities)	<u>6,250.10</u>	<u>(81,786.26)</u>
Cash flows from noncapital financing activities:		
State Sources		2,393.65
Federal Sources		<u>67,657.95</u>
Net cash provided by noncapital financing activities:		<u>70,051.60</u>
Net decrease in cash and cash equivalents	6,250.10	(11,734.66)
Cash and cash equivalents, July 1, 2015	<u>180,983.74</u>	<u>50,670.77</u>
Cash and cash equivalents, June 30, 2016	\$ <u><u>187,233.84</u></u>	\$ <u><u>38,936.11</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 6,250.10	\$ (116,881.97)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:		
Federal commodities		19,647.29
Change in assets and liabilities:		
(Increase)/Decrease in inventories		(995.21)
Increase/(Decrease) in unearned revenue		5,203.37
Increase/(Decrease) in accounts payable		<u>11,240.26</u>
		<u>35,095.71</u>
Net cash provided by (used for) operating activities	\$ <u><u>6,250.10</u></u>	\$ <u><u>(81,786.26)</u></u>

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

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>PRIVATE PURPOSE SCHOLARSHIP FUND</u>	<u>AGENCY FUNDS</u>
ASSETS:		
Cash and cash equivalents	\$ 15,850.62	\$ 516,948.89
Interfunds Receivable		<u>170.14</u>
Total Assets	<u>\$ 15,850.62</u>	<u>\$ 517,119.03</u>
LIABILITIES:		
Interfund payable	\$ 8,093.43	\$ 10,211.00
Due to student groups		231,000.71
Payroll deductions payable		<u>275,907.32</u>
Total liabilities	<u>\$ 8,093.43</u>	<u>\$ 517,119.03</u>
NET POSITION:		
Held in trust for scholarships	<u>\$ 7,757.19</u>	

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

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PRIVATE PURPOSE
SCHOLARSHIP FUND

Net position beginning of year	\$	<u>7,757.19</u>
Net position end of year	\$	<u><u>7,757.19</u></u>

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include a Vocational-Technical school, Magnet High School, Academy for Information Technology, Academy for Performing Arts and Academy for Allied Health Services located in the Township of Scotch Plains. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation, Basis of Accounting

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

Basis of Presentation

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

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Fund Types

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for acquisition of facilities and/or 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 capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution, subject to approval from the County Superintendent of Schools.

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue sources from State and Federal Government (other than those for major capital projects, debt service or proprietary funds) and local appropriations that are restricted or committed to expenditures for specified purposes.

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects Funds - The capital projects fund is used to account for and report all financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of major capital facilities or other capital assets.

Proprietary Fund

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operation, material for resale operation and the electronics technology training center operation. 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.

Fiduciary Fund Types

Agency Funds-The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

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

Federal Funds - This agency fund is used to account for receipts for Pell Grants and Guaranteed Student Loans.

Vocational Scholarship Fund - This expendable trust is used to account for donations received that are for student scholarships.

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - Measurement Focus

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

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem Property Taxes are susceptible to accrual since, under New Jersey State Statute, a county is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "intergovernmental receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county superintendent of schools' office and approved by the Board of School Estimates. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be approved by School Board resolution.

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

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

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

Interfunds

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

Inventories and Prepaid Expenses

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

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

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures in the year of purchase.

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994 are recorded at actual cost. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated fixed assets are valued at their acquisition values on the date received. The cost of normal repairs and maintenance are not capitalized. Interest is not capitalized on Capital Assets.

In fiscal year 2016, the District implemented GASB 72. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method and the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School buildings	50
Building improvements	20
Electrical/plumbing	30
Vehicles	6-8
Easements	30
Office and computer equipment	5-20
Instructional equipment	5-20
Grounds equipment	5-15
Food service equipment	7-20

Compensated Absences

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

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

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

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

Unearned Revenue

Unearned revenue in the general, special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is allowable under Generally Accepted Accounting Principles.

Accrued Liabilities and Long-Term Obligations

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance

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

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

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The general fund is the only fund that will report a negative unassigned fund balance. For all other governmental funds the amount of a residual deficit would be classified as unassigned.

Revenues - Exchange and Non-Exchange Transactions

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange and Non-Exchange Transactions (Continued)

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

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

Operating Revenues and Expenses

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

Allocation of Indirect Expenses

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extraordinary and Special Items

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

Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions that affect the amounts reported as revenue and expenditures/expenses during the reporting period. These estimates may differ from actual results.

Accounting and Financial Reporting for Pensions

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

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

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

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

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

Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2016, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$277,019.39 was covered by Federal Depository Insurance and \$2,271,894.43 was covered under the provisions of NJGUDPA.

The Union County Vocational-Technical Schools had the following cash and cash equivalents at June 30, 2016:

<u>Fund Type</u>	<u>Bank Balance</u>	<u>Reconciling Items Deletions</u>	<u>Reconciled Balance</u>
Governmental	\$1,569,070.09	\$750,369.48	\$818,700.61
Proprietary	226,169.95	-	226,169.95
Fiduciary	<u>753,673.78</u>	<u>220,874.27</u>	<u>532,799.51</u>
	<u>\$2,548,913.82</u>	<u>\$971,243.75</u>	<u>\$1,577,670.07</u>

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

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

Investments

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

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

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

Investments (Continued)

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The District had no investments outstanding at June 30, 2016.

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 3: CHANGE IN CAPITAL ASSETS

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

	Beginning <u>Balance</u>	<u>Additions</u>	Ending <u>Balance</u>
<u>Governmental Activities:</u>			
Capital Assets not being depreciated			
Sites	\$1,289,141.75		\$1,289,141.75
Construction in Progress	11,452,028.69	\$1,688,560.79	13,140,589.48
Total Capital Assets not being depreciated	<u>\$12,741,170.44</u>	<u>\$1,688,560.79</u>	<u>\$14,429,731.23</u>
Capital Assets being depreciated			
Site Improvements	979,578.74		979,578.74
Intangible Assets	5,000,000.00		5,000,000.00
Building & Building Improvements	72,572,902.49	94,315.85	72,667,218.34
Machinery & Equipment	9,215,830.73	348,488.36	9,564,319.09
Total Capital Assets being depreciated	<u>87,768,311.96</u>	<u>442,804.21</u>	<u>88,211,116.17</u>
Totals at historical cost	<u>100,509,482.40</u>	<u>2,131,365.00</u>	<u>102,640,847.40</u>
Total Gross assets (Memo only)	<u>100,509,482.40</u>	<u>2,131,365.00</u>	<u>102,640,847.40</u>
Less: Accumulated Depreciation for:			
Site Improvements	(673,916.33)	(31,495.68)	(705,412.01)
Intangible Assets	(1,159,722.31)	(166,666.68)	(1,326,388.99)
Building & Building Improvements	(17,854,209.68)	(1,725,819.83)	(19,580,029.51)
Machinery & Equipment	(6,226,355.90)	(552,289.39)	(6,778,645.29)
Total depreciation	<u>(25,914,204.22)</u>	<u>(2,476,271.58)</u>	<u>(28,390,475.80)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>74,595,278.18</u>	<u>(344,906.58)</u>	<u>74,250,371.60</u>
Governmental activities capital assets, net	<u>\$74,595,278.18</u>	<u>(\$344,906.58)</u>	<u>\$74,250,371.60</u>

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental expenses as follows:

Instruction:	
Regular Instruction	\$739,060.16
Special Instruction	12,084.12
Support Services:	
Student & Instruction related services	352.56
General administration	11,429.60
School administration	2,496.72
Technology Services	73,339.23
Plant operations & maintenance	1,636,173.23
Special Schools	<u>1,335.96</u>
	<u><u>\$2,476,271.58</u></u>

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 4: LONG-TERM LIABILITIES

The following is a summary of changes in liabilities that affect other long-term obligations for the year ended June 30, 2016:

	Chapter 19 Pension Costs <u>Payable</u>	Compensated Absences <u>Payable</u>	Capital Lease/ Lease Purchase <u>Agreements</u>	Net Pension <u>Liability</u>	<u>Total</u>
Balance June 30, 2015	\$285,000.00	\$667,771.33	\$467,054.96	\$2,773,757.00	\$4,193,583.29
Additions	<u> </u>	<u>27,769.06</u>	<u>138,202.86</u>	<u>818,756.00</u>	<u>984,727.92</u>
	285,000.00	695,540.39	605,257.82	3,592,513.00	5,178,311.21
Deletions	<u>90,000.00</u>	<u> </u>	<u>184,478.18</u>	<u> </u>	<u>274,478.18</u>
Balance June 30, 2016	<u>\$195,000.00</u>	<u>\$695,540.39</u>	<u>\$420,779.64</u>	<u>\$3,592,513.00</u>	<u>\$4,903,833.03</u>
Amounts due within one year	<u>\$95,000.00</u>	<u> </u>	<u>\$123,333.19</u>	<u> </u>	<u>\$218,333.19</u>

Capital Leases Payable:

The District has entered into various lease agreements for copiers as outlined in Schedule I-2. The following is a schedule of the future minimum lease payments under capital lease, and the present value of the net minimum lease payments at June 30, 2016:

<u>Year</u>	<u>Amount</u>
2017	\$ 137,292.00
2018	137,292.00
2019	114,720.00
2020	37,970.00
2021	<u>22,779.00</u>
Total Minimum Lease Payments	450,053.00
Less: Amounts Representing Interest	<u>29,273.66</u>
Present Value of Minimum Lease Payments	<u>420,779.34</u>

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 5: PENSION PLANS

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

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

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

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

Pension Plan Design Changes

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

Funding Changes

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

COLA Suspension

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

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

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 5: PENSION PLANS (CONTINUED)

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

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

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

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2016	\$142,114.00	100.00%	\$142,114.00
2015	\$122,132.00	100.00%	\$122,132.00
2014	\$144,516.00	100.00%	\$144,516.00

During the fiscal years ended June 30, 2016, 2015 and 2014, the State of New Jersey contributed \$691,029.00, \$481,213.00 and \$412,587.00 respectively to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2016, 2015 and 2014, the State of New Jersey reimbursed the District \$776,903.04, \$690,768.99 and \$702,694.60 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 68.

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported a liability of \$3,592,513.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.0160037118 percent, which was an increase of 0.0011887995 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$146,139.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$85,705.00
Changes of assumptions		385,807.00
Net difference between projected and actual earnings on pension plan investments	\$57,761.00	
Changes in proportion and differences between District contributions and proportionate share of contributions	575,144.00	
District contributions subsequent to the measurement date	<u> </u>	<u>157,811.00</u>
	<u>\$632,905.00</u>	<u>\$629,323.00</u>

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

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

Public Employees Retirement System (PERS) (Continued)

The \$157,811.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2016	(\$54,671.00)
2017	(\$54,671.00)
2018	(\$54,671.00)
2019	(\$13,346.00)
2020	\$15,966.00

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

Inflation	3.04 Percent
Salary Increases	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return

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 Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
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 Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Global Debt ex US	3.50%	(0.40)%
REIT	4.25%	5.12%
	<u>100.00%</u>	

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2014 was 5.39% and as of June 30, 2015 was 4.90%. As discussed with the Division of Pensions and Benefits and in accordance with Paragraph 42 of the GASB Statement No. 67, the projection of cash flows used to determine the discount rate assumed that the Local employers will contribute 100.0% of their actuarially determined contribution and the NCGIPF contribution and the State will contribute 15.1% of its actuarially determined contribution and 100% of its NCGIPF contribution. The contribution percentage is the average percentage of the annual actual contribution paid over the annual actuarially determined contribution during the most recent five-year period. Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members until fiscal year 2033. Municipal bond rates of 4.29% as of June 30, 2014 and 3.80% as of June 30, 2015 were used in the development of the blended GASB discount rate after that point. As selected by the State Treasurer, the rates are based on the Bond Buyer Go 20-Bond Municipal Bond Index. Based on the long-term rate of return of 7.90% and the municipal bond rates of 4.29% and 3.80%, the blended GASB discount rates are 5.39% as of June 30, 2014 and 4.90% as of June 30, 2015. The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 67. We believe this assumption is reasonable for the purposes of the measurements required by the Statement.

Should contributions to the Plan be different from those outlined above, the results would reflect the new contribution policy and may result in the Fiduciary Net Plan Position not being sufficient to cover the Plan's benefit payments at some future date and thus changing the discount rate used to determine the Plan's Total Pension Liability.

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

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

Public Employees Retirement System (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 participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
District's proportionate share of the pension liability	\$4,465,054.00	\$3,592,513.00	\$2,860,981.00

Pension plan fiduciary net position

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

Teachers Pensions and Annuity Fund (TPAF)

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2016 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$60,304,670</u>
	<u><u>\$60,304,670</u></u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the proportion of the TPAF net pension liability associated with the District was .0954123341% which was a decrease of .0021166350 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue of \$3,682,143.00 for contributions provided by the State.

Actuarial Assumptions

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	2.50%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Mortality rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement. 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, 2009 to June 30, 2012.

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 TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
High Yield Bonds	2.00%	4.57%
US Equities Markets	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmlands	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.50%
Hedge Funds - Multi Strategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
	<u>100.00%</u>	

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.13% 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, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

Pension plan fiduciary net position.

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

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 7: OTHER POST-RETIREMENT BENEFITS

For eligible retired employees, the School District participates in 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 N.J.S.A. 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 State Health Benefits Commission is the executive body established by 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, P.O. Box 295, Trenton, NJ 08625-0295.

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (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. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of 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 P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c. 126, 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. The state paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 7: OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2016, 2015 and 2014 were \$863,812, \$515,834 and \$676,487 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 8: LITIGATION

The District, based upon the opinions of the District attorney, there is no litigation, pending claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the School District and which might materially affect the District's financial position.

NOTE 9: INVENTORY

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

Food and Supplies	<u>\$2,315.09</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 10: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2015-2016 fiscal year were subject to the U.S. OMB Circular Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

NOTE 11: 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 coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Liability Method". Under this plan, the District is required to calculate and pay the amount required on a quarterly basis based upon rates as determined by the New Jersey Department of Labor.

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 12: COMPENSATED ABSENCES

Tenured teachers are entitled to up to 15 sick days per year and upon retirement or termination of employment (with proper notice if by employee) shall be paid an amount of money calculated at the rate of thirty dollars per day for each day of accumulated sick leave at the time of retirement or termination up to a maximum of two hundred twenty five days. If a teacher, as of June 30, 1993, has accumulated more than the aforesaid amount of sick days, the same, to the amount accumulated, shall be the teacher's entitlement unless the same are subsequently utilized which then results in a lesser number which would be the teacher's entitlement. For a teacher's last year of employment, he/she shall receive thirty dollars per sick day for each month worked and fifteen dollars per sick day for the remaining months. Smaller bargaining units of the District are also entitled to compensation for unused sick days based on their bargaining agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absence balance is not considered material to the applicable fund total liabilities, and is therefore not shown separately for the long-term liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016 no liability existed for compensated absences in the proprietary fund types.

NOTE 13: FUND BALANCE APPROPRIATED

General Fund - Of the \$2,633,155.87 in General Fund Balance at June 30, 2016, \$233,472.46 has been assigned for encumbrances, \$411,167.07 is committed for excess surplus in accordance with N.J.S.A. 18A:7F7 and \$411,167.07 of the total restricted for excess surplus has been appropriated in the budget for the fiscal year ended June 30, 2017; \$1,301,337.03 has been restricted in the Capital Reserve Account; \$-0- has been assigned for subsequent years expenditures and \$687,179.31 is unassigned.

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 13: CALCULATION OF EXCESS SURPLUS-BUDGETARY BASIS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004,c.73 (S1701), the Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget

General Fund Expenditures	
Fiscal Year Ended June 30, 2016	\$ 23,558,408.15
Less:	
On-behalf TPAF Pension and Social Security Reimbursement	(2,366,167.04)
Assets Acquired Under Capital Leases	<u>(138,202.86)</u>
Adjusted General Fund Expenditures	\$ <u>21,054,038.25</u>
Excess Surplus Percentage	
6% of Adjusted 2014-15 General Fund Expenditures	\$ <u>1,263,242.29</u>
Greater of 6% or \$250,000.00	1,263,242.29
Add: Allowable Adjustments	64,787.00
Maximum Unassigned Fund Balance	<u>1,328,120.29</u>
Actual Unassigned	
General Fund Balance	<u>1,249,475.31</u>
Excess Surplus	\$ <u><u>0.00</u></u>

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Union County Vocational-Technical Schools by inclusion of \$500,001.00 during fiscal year 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$1,301,337.03
Ending balance, June 30, 2016	\$1,301,337.03

NOTE 15: INTERFUNDS RECEIVABLE AND PAYABLE

The following interfund balances remained on the balance sheet at June 30, 2016:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General Fund	\$ 907,668.07	\$
Special Revenue Fund		210,513.80
Capital Projects Fund		617,133.28
Proprietary Fund		61,886.70
Fiduciary Fund	170.14	18,304.43
	\$ 907,838.21	\$ 907,838.21

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between the funds were returned.

Union County Vocational-Technical Schools
Notes to the Financial Statements
June 30, 2016

NOTE 16: DEFERRED COMPENSATION

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

AXA Equitable
Valic
Lincoln Investments
Lincoln National Life Insurances
Fidelity Investments

NOTE 17: COMMITMENTS

The District has active construction projects as of June 30, 2016 relating to approved projects, which include additions and renovations at various schools. At June 30, 2016, the District's commitments with contractors amounted to \$2,061,307.44, which is reported as a restricted for capital projects on the balance sheet in the capital projects fund.

NOTE 18: DEFICIT FUND BALANCES

The Food Service Fund has an unassigned net deficit fund balance of (\$16,643.26) as of June 30, 2016. This deficit results from a decrease in lunch sales and therefore, a decrease in state and federal subsidies.

NOTE 19: SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the financial statement date through November 28, 2016 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION – Part II

BUDGETARY COMPARISON SCHEDULES

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	ADOPTED BUDGET	BUDGET TRANSFERS/ AMENDMENT	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES:					
Local sources					
County tax levy	\$ 4,690,000.00	\$	\$ 4,690,000.00	\$ 4,690,000.00	\$
Tuition from LEAs	10,860,000.00		10,860,000.00	10,135,475.00	(724,525.00)
Other tuition	550,000.00		550,000.00	488,937.75	(61,062.25)
Unrestricted Miscellaneous Revenue	400,000.00		400,000.00	209,529.13	(190,470.87)
	<u>16,500,000.00</u>		<u>16,500,000.00</u>	<u>15,523,941.88</u>	<u>(976,058.12)</u>
Total revenues-local sources					
State sources					
Categorical Special Education Aid	946,786.00		946,786.00	946,786.00	
Equalization Aid	4,643,708.00		4,643,708.00	4,643,708.00	
Categorical Security Aid	43,442.00		43,442.00	43,442.00	
Other State Aids	33,400.00		33,400.00	33,400.00	
Other State Aids - Adult Education				64,787.00	64,787.00
On-behalf TPAF pension (non-budgeted)				691,029.00	691,029.00
On-behalf TPAF post retirement medical (non-budgeted)				863,812.00	863,812.00
NCGI-non-budgeted				34,423.00	34,423.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				776,903.04	776,903.04
	<u>5,667,336.00</u>		<u>5,667,336.00</u>	<u>8,098,290.04</u>	<u>2,430,954.04</u>
Total - state sources					
	<u>22,167,336.00</u>		<u>22,167,336.00</u>	<u>23,622,231.92</u>	<u>1,454,895.92</u>
Total revenues					
GENERAL CURRENT EXPENSE:					
Regular Vocational Programs-Instruction					
Salaries of Teachers	7,809,180.00	365,658.58	8,174,838.58	8,170,831.19	4,007.39
Purchased Instructional Serv	457,311.00	(20,769.00)	436,542.00	342,838.14	93,703.86
Other Purchased Services (400-500 series)	168,000.00	25,000.00	193,000.00	187,624.77	5,375.23
General Supplies	536,400.00	14,978.15	552,131.35	498,204.13	53,927.22
Textbooks	225,000.00	(36,945.08)	188,619.92	166,240.69	22,379.23
Other Objects	15,500.00	6,290.85	21,790.85	20,106.11	1,684.74
Total Regular Vocational Programs-Instruction	<u>9,211,391.00</u>	<u>354,213.50</u>	<u>9,566,922.70</u>	<u>9,385,845.03</u>	<u>181,077.67</u>

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	ADOPTED BUDGET	BUDGET TRANSFERS/ AMENDMENT	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Special Vocational Programs-Instruction					
Salaries of Teachers	\$ 911,550.00	(436,658.58)	\$ 474,891.42	\$ 472,036.42	\$ 2,855.00
General Supplies	105,000.00		105,000.00	75,883.49	29,116.51
Textbooks	10,000.00	(3,965.18)	6,034.82	1,386.48	4,648.34
Other Objects	5,000.00		5,000.00	3,288.25	1,711.75
Total Special Vocational Programs-Instruction	1,031,550.00	(440,623.76)	590,926.24	552,594.64	38,331.60
TOTAL VOCATIONAL PROGRAMS	10,242,941.00	42,875.48	10,627,269.68	10,403,679.35	223,590.33
School Sponsored Cocurricular Activities-Instruction					
Salaries	205,000.00	32,357.42	237,357.42	237,187.42	170.00
Supplies and Materials	10,000.00		10,135.00	8,304.95	1,830.05
Other Objects	25,000.00	30,305.14	55,305.14	53,124.13	2,181.01
Total School Sponsored Cocurricular Activities-Instruction	240,000.00	62,662.56	302,797.56	298,616.50	4,181.06
Instructional Alternative Educational Programs					
Salaries	14,000.00	32,483.00	46,483.00	46,483.00	
Purchased Instructional Services		27,000.00	27,000.00	27,000.00	
Other Objects		3,965.18	3,965.18	3,965.18	
Salary of Supervisor	86,000.00	3,175.00	89,175.00	89,175.00	
Total Instructional Alternative Educational Program	100,000.00	66,623.18	166,623.18	166,623.18	
UNDISTRIBUTED EXPENSES					
Health services					
Salaries	114,845.00	5,238.30	120,083.30	120,083.30	
Supplies	4,000.00		4,000.00	3,008.83	991.17
Total Health Services	118,845.00	5,238.30	124,083.30	123,092.13	991.17
Other support services-students - Regular					
Salaries of other professional staff	654,050.00	78,761.34	732,811.34	732,811.34	
Supplies and materials	10,000.00		10,000.00	1,626.79	8,373.21
Other objects	15,000.00		15,000.00	10,963.44	4,036.56
Total other support services-students - Regular	679,050.00	78,761.34	757,811.34	745,401.57	12,409.77

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	ADOPTED BUDGET	BUDGET TRANSFERS/ AMENDMENT	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other support services-students - Special	\$ 144,200.00	\$ (96,977.14)	\$ 47,222.86	\$ 41,121.77	\$ 6,101.09
Salaries of other professional staff	80,000.00		80,000.00	750.00	79,250.00
Child Study Team - Purchased Services	2,500.00		2,500.00	1,641.22	858.78
Supplies and Materials	10,000.00		10,000.00	420.00	9,580.00
Other Objects	236,700.00	(96,977.14)	139,722.86	43,932.99	95,789.87
Total other support services-students - Special					
Improvement of Instructional Services	25,000.00	27,227.50	52,227.50	51,357.50	870.00
Salaries of other professional staff	25,000.00	27,227.50	52,227.50	51,357.50	870.00
Total Improvement of Instructional Services					
Instructional Staff Training Services	25,750.00	5,950.00	31,700.00	31,700.00	
Salaries of other professional staff	5,000.00		13,700.00	8,700.00	5,000.00
Other purchased prof. and tech services	10,000.00		10,000.00	8,526.00	1,474.00
Other purchased services	40,750.00	5,950.00	55,400.00	48,926.00	6,474.00
Total Instructional Staff Training Services					
Support services general administration	409,250.00		409,250.00	408,929.04	320.96
Salaries	60,000.00	(4,500.00)	55,500.00	18,352.71	37,147.29
Legal services	32,000.00	500.00	32,500.00	32,490.00	10.00
Audit Fees	105,000.00		105,000.00	84,013.42	20,986.58
Communications/telephone	4,480.00		4,480.00	4,436.54	43.46
Misc. Purchased Services	12,000.00		12,000.00	5,883.53	6,116.47
General Supplies	14,000.00		14,000.00	13,912.01	87.99
Miscellaneous Expenditures	5,000.00		5,000.00	3,002.83	1,997.17
BOE Membership Dues and Fees	641,730.00	(4,000.00)	637,730.00	571,020.08	66,709.92
Total support services general administration					

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	ADOPTED BUDGET	BUDGET TRANSFERS/ AMENDMENT	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Support services school administration					
Salaries of principals/asst. principals	\$ 556,200.00	\$ (3,775.00)	\$ 552,425.00	\$ 540,350.04	\$ 12,074.96
Salaries of professional staff	3,000.00	600.00	3,600.00	3,600.00	
Salaries of secretarial and clerical assistants	272,950.00	(7,300.00)	265,650.00	261,619.92	4,030.08
Other Salaries	30,000.00	(2,843.31)	27,156.69	27,129.70	26.99
Other Purchased Services	35,500.00	1,692.00	37,192.00	17,796.25	19,395.75
Supplies and Materials	15,000.00	(1,205.00)	13,795.00	11,870.93	1,924.07
Other Objects	25,000.00		25,000.00	22,489.80	2,510.20
Total support services school administration	937,650.00	(12,831.31)	924,818.69	884,856.64	39,962.05
Central Services					
Miscellaneous Expenses	4,000.00	4,000.00	8,000.00	4,673.47	3,326.53
Salaries	481,010.00	(29,697.07)	451,312.93	451,112.95	199.98
Purchasing Services	32,600.00	3,807.49	36,407.49	33,142.02	3,265.47
Supplies and Materials	10,700.00		10,700.00	6,282.75	4,417.25
Miscellaneous Expenses	80,000.00	500.00	80,500.00	80,089.17	410.83
Total Central Services	608,310.00	(21,389.58)	586,920.42	575,300.36	11,620.06
Admin Info Technology					
Salaries	71,482.00	8,282.96	79,764.96	79,764.96	
Total Admin Info Technology	71,482.00	8,282.96	79,764.96	79,764.96	
Allowance for maintenance for school facilities					
Salaries	172,000.00	1,881.44	173,881.44	173,881.44	
Cleaning, repair and maintenance services	683,000.00	(4,307.49)	678,692.51	572,399.59	106,467.92
General Supplies	185,000.00	(8,604.00)	176,396.00	162,203.27	14,312.73
Total allowance for maintenance for school facilities	1,040,000.00	(11,030.05)	1,028,969.95	908,484.30	120,780.65

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	ADOPTED BUDGET	BUDGET TRANSFERS/ AMENDMENT	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other operation and maintenance of plant					
Salaries	\$ 377,331.00	\$ (34,364.44)	\$ 342,966.56	\$ 340,722.22	\$ 2,244.34
Cleaning, repair and maintenance services	377,400.00	100,000.00	477,400.00	462,703.02	14,696.98
Other purchased property services	60,000.00	6,000.00	66,000.00	59,491.18	6,508.82
Insurance	160,000.00	2,604.00	162,604.00	161,919.00	685.00
Energy (Natural Gas)	400,000.00	(150,000.00)	250,000.00	231,552.11	18,447.89
Energy (Heat and Electricity)	1,000,000.00	(100,000.00)	900,000.00	897,459.29	2,540.71
Total other operation and maintenance of plant	2,374,731.00	(175,760.44)	2,198,970.56	2,153,846.82	45,123.74
TOTAL OPERATION & MAINTENANCE OF PLANT SERVICE	3,414,731.00	(186,790.49)	3,228,235.51	3,062,331.12	165,904.39
Security					
Purchased Professional and Technical Services	150,000.00	150,000.00	300,000.00	278,640.35	21,359.65
Total Security	150,000.00	150,000.00	300,000.00	278,640.35	21,359.65
Student transportation services					
Cleaning, repair and maintenance services	5,000.00		5,000.00		5,000.00
Other Contracted Services	60,000.00	8,652.94	69,152.94	47,030.12	22,122.82
Transportation Supplies	5,000.00	(5,000.00)			
Total student transportation services	70,000.00	3,652.94	74,152.94	47,030.12	27,122.82
Unallocated Benefits - Employee Benefits					
Social Security	240,000.00	37,307.88	277,307.88	239,601.56	37,706.32
TPAF Contribution - ERIP	120,000.00	5,184.34	125,184.34	125,184.34	
Other Retirement Contributions - Regular	143,000.00		143,000.00	142,114.32	885.68
Unemployment Compensation	30,000.00		30,000.00		30,000.00
Workmen's Compensation	125,000.00		125,000.00	99,698.00	25,302.00
Health Benefits	3,100,000.00	(80,008.22)	3,019,991.78	2,871,893.13	148,098.65
Tuition Reimbursement	60,000.00	12,516.00	72,516.00	70,698.02	1,817.98
Other Employee Benefits	96,235.00		96,235.00	15,074.30	81,160.70
Unused Sick Pymt-Term/Retire	3,765.00	25,000.00	28,765.00	23,013.21	5,751.79
Total Unallocated Benefits - Employee Benefits	3,918,000.00	(0.00)	3,918,000.00	3,587,276.88	324,971.33

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	ADOPTED BUDGET	BUDGET TRANSFERS/ AMENDMENT	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Total undistributed expenses	\$ 10,912,248.00	\$ (42,875.48)	\$ 10,876,867.52	\$ 10,098,930.70	\$ 774,185.03
On-behalf TPAF pension (non-budgeted)				691,029.00	(691,029.00)
On-behalf TPAF post retirement medical (non-budgeted)				863,812.00	(863,812.00)
NCGI-non-budgeted				34,423.00	(34,423.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				776,903.04	(776,903.04)
Total On-behalf TPAF contributions				2,366,167.04	(2,366,167.04)
TOTAL EXPENDITURES - CURRENT EXPENSE	21,495,189.00	(0.00)	21,506,137.20	22,868,777.09	(1,368,391.69)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services					
Debt Service - SDA Funding	46,147.00		46,147.00	46,147.00	
Total Facilities Acquisition and Construction Services	46,147.00		46,147.00	46,147.00	
Assets acquired under capital leases (non-budgeted)				138,202.86	(138,202.86)
TOTAL CAPITAL OUTLAY	46,147.00		46,147.00	184,349.86	(138,202.86)
SPECIAL SCHOOLS:					
Accredited Evening/Adult H.S./Post-Grad - Instruction					
Salaries of Teachers	340,000.00		340,000.00	305,672.30	34,327.70
Supplies and Materials	36,000.00		36,000.00		36,000.00
Textbooks	15,000.00		15,000.00		15,000.00
Other Objects	5,000.00		5,000.00	1,819.99	3,180.01
Total Accredited Evening/Adult H.S./Post-Grad - Instruction	396,000.00		396,000.00	307,492.29	88,507.71

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	ADOPTED BUDGET	BUDGET TRANSFERS/ AMENDMENT	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Accredited Evening/Adult H.S./Post-Grad - Support Services	\$ 165,000.00	\$	165,000.00	156,669.70	8,330.30
Salaries	10,000.00		10,000.00	1,865.68	8,134.32
Supplies and Materials	10,000.00		10,000.00	10,000.00	
Other Objects	185,000.00		185,000.00	168,535.38	16,464.62
Total Accredited Evening/Adult H.S./Post-Grad - Support Services	581,000.00		581,000.00	476,027.67	104,972.33
Total Accredited Evening/Adult H.S./Post-Grad					
Vocational evening - local - instruction	40,000.00		40,000.00	24,963.75	15,036.25
Salaries	5,000.00		5,000.00	4,289.78	710.22
General supplies	45,000.00		45,000.00	29,253.53	15,746.47
Total vocational evening - local - instruction	45,000.00		45,000.00	29,253.53	15,746.47
Total vocational evening - local			45,000.00	29,253.53	15,746.47
TOTAL SPECIAL SCHOOLS	626,000.00		626,000.00	505,281.20	120,718.80
TOTAL GENERAL FUND	22,167,336.00		22,178,284.20	23,558,408.15	(1,385,875.74)
Excess (deficiency) of revenues over (under) expenditures			(10,948.20)	63,823.77	2,840,771.66
Other financing sources (uses)				138,202.86	(138,202.86)
Capital leases (non-budgeted)				138,202.86	(138,202.86)
Total other financing sources (uses)				138,202.86	(138,202.86)

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>ADOPTED</u> <u>BUDGET</u>	<u>BUDGET</u> <u>TRANSFERS/</u> <u>AMENDMENT</u>	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE/</u> <u>(UNFAVORABLE)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$	\$	(10,948.20)	202,026.63	2,702,568.80
Fund balances, June 30, 2015	2,993,425.24		2,993,425.24	2,993,425.24	
Fund balances, June 30, 2016	<u>2,993,425.24</u>	<u>\$</u>	<u>2,982,477.04</u>	<u>3,195,451.87</u>	<u>2,702,568.80</u>
Recapitulation:					
Assigned - year-end encumbrances			\$	233,472.46	
Restricted - capital reserve				1,301,337.03	
Restricted - excess surplus - designated for subsequent year's expenditures				411,167.07	
Unassigned fund balance				1,249,475.31	
			\$	3,195,451.87	
Reconciliation to Governmental Funds Statements (GAAP)					
Last State Aid Payment not recognized on GAAP basis				(562,296.00)	
Fund Balance per Governmental Funds (GAAP)			\$	<u>2,633,155.87</u>	

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE 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>
REVENUES:					
State sources	\$	\$ 24,500.00	\$ 24,500.00	\$ 24,500.00	\$
Federal sources	600,000.00	418,932.68	1,018,932.68	973,163.41	(45,769.27)
Total revenues	600,000.00	443,432.68	1,043,432.68	997,663.41	(45,769.27)
EXPENDITURES:					
Instruction:					
Salaries of teachers		359,426.26	359,426.26	334,633.01	24,793.25
Purchased professional services		80,612.50	80,612.50	79,947.00	665.50
General supplies		271,559.22	271,559.22	266,727.62	4,831.60
Other objects	150,000.00	(143,136.50)	6,863.50	3,335.00	3,528.50
Total instruction	150,000.00	568,461.48	718,461.48	684,642.63	33,818.85
Support services:					
Salaries of program directors	100,000.00	(81,100.01)	18,899.99	17,899.99	1,000.00
Salaries of principals and assistants		1,058.00	1,058.00	1,057.22	0.78
Salaries of other professional staff		6,520.52	6,520.52	6,520.52	
Personal services - employee benefits		78,741.39	78,741.39	71,991.75	6,749.64
Purchased professional - educational services		133,782.50	133,782.50	129,582.50	4,200.00
Other purchased services		2,170.00	2,170.00	2,170.00	
Supplies and materials		2,304.15	2,304.15	2,304.15	
Other objects	350,000.00	(343,745.87)	6,254.13	6,254.13	
Total support services	450,000.00	(200,269.32)	249,730.68	237,780.26	11,950.42
Facilities acquisition and construction services:					
Instructional equipment		75,240.52	75,240.52	75,240.52	
Total facilities acquisition and construction services		75,240.52	75,240.52	75,240.52	
Total expenditures	600,000.00	443,432.68	1,043,432.68	997,663.41	45,769.27
Excess (deficiency) of revenues over (under) expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note A - Explanation of difference between budgetary inflows and outflows
and GAAP Revenues and Expenditures

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$23,622,231.92	\$997,663.41
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment is recognized as revenue for GAAP Statements in in the current year, previously recognized for budgetary purposes.	562,127.00	
State aid payment recognized for budgetary purposes not recognized for GAAP statements until the subsequent year.	(562,296.00)	
Adjust for encumbrances: Less current year encumbrances		(42,921.45)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$23,622,062.92</u>	<u>\$954,741.96</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$23,558,408.15	\$997,663.41
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes but in the year the supplies are received for <i>financial reporting</i> purposes.		
Adjust for encumbrances: Less current year encumbrances		(42,921.45)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$23,558,408.15</u>	<u>\$954,741.96</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Union County Vocational and Technical Schools
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Ten Years

Fiscal Year Ending <u>June 30,</u>	District's Proportion of the Net Pension <u>Liability (Asset)</u>	District's Proportionate Share of the Net Pension <u>Liability (Asset)</u>	District's Covered-Employee <u>Payroll</u>	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- <u>Employee Payroll</u>	Plan Fiduciary Net Position as a percentage of the total <u>Pension Liability</u>
2013	0.0643753349%	\$ 3,665,644	1,102,813.00	332.39%	48.72%
2014	0.0626507810%	2,773,757	1,076,255.00	257.72%	52.08%
2015	0.0550048280%	3,592,513	1,136,043.00	316.23%	47.92%

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

Union County Vocational and Technical Schools
Schedule of the District's Contributions
Public Employees Retirement System
Last Ten Years

Fiscal Year Ending <u>June 30,</u>	Contractually Required <u>Contribution</u>	Contributions in Relation to the Contractually Required <u>Contributions</u>	Contribution Deficiency <u>(Excess)</u>	District's Covered- Employee <u>Payroll</u>	Contributions as a Percentage of Covered- Employee <u>Payroll</u>
2014	\$ 516,484	\$ 122,132	\$ -0-	\$ 1,076,255.00	11.35%
2015	472,894	137,589	-0-	1,136,043.00	12.11%
2016	448,773	157,811	-0-	1,241,024.00	12.72%

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

Union County Vocational and Technical Schools
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers Pension and Annuity Fund
Last Ten Years

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.1614102495%	\$ -0-	9,478,829.00	-0-	33.76%
2014	0.1502158748%	-0-	9,316,997.00	-0-	33.64%
2015	0.1505390124%	-0-	9,701,560.00	-0-	28.71%

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

Union County Vocational-Technical Schools
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2016

Public Employees Retirement System

Change in benefit terms: None

Change in assumptions: The discount rate changed from 5.39% to 4.90% as of June 30, 2015.

Teacher Pension and Annuity Fund

Change in benefit terms: None

Change in assumptions: The discount rate changed from 4.68% to 4.13% as of June 30, 2015.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	APPRENTICE COORDINATOR	FY2016 TITLE I	TITLE II FY2016
REVENUES:			
State sources	\$ 24,500.00		3,525.23
Federal sources		227,970.18	
	\$	\$	
Total revenues	<u>24,500.00</u>	<u>227,970.18</u>	<u>3,525.23</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers		111,127.00	2,161.25
Purchased professional services			
General supplies		1,400.00	141.40
Other objects			
Total instruction		<u>112,527.00</u>	<u>2,302.65</u>
Support services:			
Salaries of program directors	13,900.00		
Salaries of secretarial and clerical assistant	6,520.52		1,057.22
Personal services - employee benefits	1,528.00	15,893.03	165.36
Purchased professional - technical services		98,581.00	
Other purchased services	1,335.00		
Supplies and materials	1,216.48	969.15	
Other objects			
Total support services	<u>24,500.00</u>	<u>115,443.18</u>	<u>1,222.58</u>
Facilities acquisition and construction service:			
Instructional equipment			
Total facilities acquisition and construction service			
Total expenditures	\$ <u>24,500.00</u>	\$ <u>227,970.18</u>	\$ <u>3,525.23</u>

(Continued on next page)

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	PERKINS VOCATIONAL EDUCATION SECONDARY	FY2016 PERKINS POST - SECONDARY	IDEA	TOTAL
REVENUES:				
State sources	\$	\$	\$	\$
Federal sources	394,263.00	104,807.00	242,598.00	973,163.41
Total revenues	<u>394,263.00</u>	<u>104,807.00</u>	<u>242,598.00</u>	<u>997,663.41</u>
EXPENDITURES:				
Instruction:				
Salaries of teachers	57,385.63	4,240.00	159,719.13	334,633.01
Purchased professional services	79,947.00			79,947.00
General supplies	197,698.67	61,400.18	6,087.37	266,727.62
Other objects	1,050.00	2,285.00		3,335.00
Total instruction	<u>336,081.30</u>	<u>67,925.18</u>	<u>165,806.50</u>	<u>684,642.63</u>
Support services:				
Salaries of program directors		3,999.99		17,899.99
Salaries of secretarial and clerical assistant				7,577.74
Personal services - employee benefits	12,878.36		41,527.00	71,991.75
Purchased professional - technical services	2,170.00		31,001.50	129,582.50
Other purchased services				2,170.00
Supplies and materials	774.65		4,263.00	2,304.15
Other objects				6,254.13
Total support services	<u>15,823.01</u>	<u>3,999.99</u>	<u>76,791.50</u>	<u>237,780.26</u>
Facilities acquisition and construction services:				
Instructional equipment	42,358.69	32,881.83		75,240.52
Total facilities acquisition and construction services.	<u>42,358.69</u>	<u>32,881.83</u>		<u>75,240.52</u>
Total expenditures	<u>\$ 394,263.00</u>	<u>\$ 104,807.00</u>	<u>\$ 242,598.00</u>	<u>\$ 997,663.41</u>

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

Revenues and Other Financing Sources:		
County of Union Capital Ordinances	\$	<u>1,272,431.14</u>
Total Revenue	\$	<u>1,272,431.14</u>
Expenditures and Other Financing Uses:		
Purchased Professional and Technical Services	\$	13,327.63
Construction Services		1,681,606.71
Equipment and Purchases		<u>580,354.48</u>
Total Expenditures	\$	<u>2,275,288.82</u>
Excess (Deficiency) of Revenues over (under) Expenditures	\$	(1,002,857.68)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses		<u>(1,002,857.68)</u>
Fund Balance - Beginning		<u>4,645,855.46</u>
Fund Balance - Ending	\$	<u>3,642,997.78</u>
Reconciliation to GAAP Financial Statements:		
Fund Balance- Budgetary Basis (Exhibit F-1)	\$	3,642,997.78
Fund Balance- GAAP Basis (Exhibit B-1)	\$	<u>3,642,997.78</u>
Recapitulation:		
Committed for Encumbrances	\$	751,228.08
Restricted for Capital Projects		<u>2,891,769.70</u>
	\$	<u>3,642,997.78</u>

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS ACQUISITIONS AND IMPROVEMENT TO UNION COUNTY VOCATIONAL SCHOOL
FROM THE INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	<u>PRIOR</u> <u>PERIODS</u>	<u>CURRENT</u> <u>YEAR</u>	<u>TOTALS</u>	<u>REVISED</u> <u>AUTHORIZED</u> <u>COSTS</u>
Revenues and Other Financing Sources:				
County of Union Capital Ordinances	\$ 1,400,000.00	\$ _____	\$ 1,400,000.00	\$ 1,400,000.00
Total Revenue	<u>1,400,000.00</u>	<u>_____</u>	<u>1,400,000.00</u>	<u>1,400,000.00</u>
Expenditures and Other Financing Uses:				
Construction Services	788,630.46		788,630.46	893,691.66
Equipment Purchases	<u>506,308.34</u>	<u>_____</u>	<u>506,308.34</u>	<u>506,308.34</u>
Total Expenditures	<u>1,294,938.80</u>	<u>_____</u>	<u>1,294,938.80</u>	<u>1,400,000.00</u>
Excess (Deficiency) of Revenues (under) Expenditures	<u>\$ 105,061.20</u>	<u>\$ _____</u>	<u>\$ 105,061.20</u>	<u>\$ _____</u>

Additional Project Information

County Ordinance Number	713
Grant date	N/A
County Authorization Date	12/8/2010
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	1,400,000.00
Additional Authorized Cost	-0-
Revised Authorized Cost	1,400,000.00
Percentage Increase over Original Authorized Costs	N/A
Percentage Completion	92.00%
Original Completion Date	12/09
Revised Completion Date	6/16

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

	<u>PRIOR</u> <u>PERIODS</u>	<u>CURRENT</u> <u>YEAR</u>	<u>TOTALS</u>	<u>REVISED</u> <u>AUTHORIZED</u> <u>COSTS</u>
Revenues and Other Financing Sources:				
County of Union Capital Ordinances	\$ 1,300,000.00	\$ _____	\$ 1,300,000.00	\$ 1,300,000.00
Total Revenue	<u>1,300,000.00</u>	<u>0.00</u>	<u>1,300,000.00</u>	<u>1,300,000.00</u>
Expenditures and Other Financing Uses:				
Construction Services	1,070,618.16	26,767.09	1,097,385.25	1,125,000.00
Equipment Purchases	<u>161,566.00</u>	<u>13,434.00</u>	<u>175,000.00</u>	<u>175,000.00</u>
Total Expenditures	<u>1,232,184.16</u>	<u>40,201.09</u>	<u>1,272,385.25</u>	<u>1,300,000.00</u>
Excess (Deficiency) of Revenues (under) Expenditures	\$ <u>67,815.84</u>	\$ <u>(40,201.09)</u>	\$ <u>27,614.75</u>	\$ _____
<u>Additional Project Information</u>				
County Ordinance Number	723			
Grant date	N/A			
County Authorization Date	9/21/2011			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	1,300,000.00			
Additional Authorized Cost	-0-			
Revised Authorized Cost	1,300,000.00			
Percentage Increase over Original Authorized Costs	N/A			
Percentage Completion	98.00%			
Original Completion Date	12/13			
Revised Completion Date	6/16			

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF CAMPUS COVERED WALKWAYS AND PURCHASE OF EQUIPMENT
FROM THE INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	<u>PRIOR</u> <u>PERIODS</u>	<u>CURRENT</u> <u>YEAR</u>	<u>TOTALS</u>	<u>REVISED</u> <u>AUTHORIZED</u> <u>COSTS</u>
Revenues and Other Financing Sources:				
County of Union Capital Ordinances	\$ 971,043.00	\$ _____	\$ 971,043.00	\$ 971,043.00
Total Revenue	<u>971,043.00</u>	<u>0.00</u>	<u>971,043.00</u>	<u>971,043.00</u>
Expenditures and Other Financing Uses:				
Purchased Profession and Technical Services			0.00	18,164.00
Construction Services	365,611.12		365,611.12	605,467.00
Equipment	<u>274,638.98</u>	<u>54,686.63</u>	<u>329,325.61</u>	<u>347,412.00</u>
Total Expenditures	<u>640,250.10</u>	<u>54,686.63</u>	<u>694,936.73</u>	<u>971,043.00</u>
Excess (Deficiency) of Revenues (under) Expenditures	\$ <u>330,792.90</u>	\$ <u>(54,686.63)</u>	\$ <u>276,106.27</u>	<u> </u>
<u>Additional Project Information</u>				
County Ordinance Number	740			
Grant date	N/A			
County Authorization Date	9/13/2012			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	971,043.00			
Additional Authorized Cost				
Revised Authorized Cost	971,043.00			
Percentage Increase over Original Authorized Costs	0.00%			
Percentage Completion	71.60%			
Original Completion Date	11/14			
Revised Completion Date	6/16			

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF ADDITION AND RENOVATION OF WEST HALL
FROM THE INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	<u>PRIOR</u> <u>PERIODS</u>	<u>CURRENT</u> <u>YEAR</u>	<u>TOTALS</u>	<u>REVISED</u> <u>AUTHORIZED</u> <u>COSTS</u>
Revenues and Other Financing Sources:				
County of Union Capital Ordinances	\$ 11,150,000.00	\$ _____	\$ 11,150,000.00	\$ 11,150,000.00
Total Revenue	<u>11,150,000.00</u>	<u>0.00</u>	<u>11,150,000.00</u>	<u>11,150,000.00</u>
Expenditures and Other Financing Uses:				
Purchased Profession and Technical Services	1,139,048.35	688.87	1,139,737.22	1,148,000.00
Construction Services	<u>8,519,454.48</u>	<u>1,482,150.35</u>	<u>10,001,604.83</u>	<u>10,002,000.00</u>
Total Expenditures	<u>9,658,502.83</u>	<u>1,482,839.22</u>	<u>11,141,342.05</u>	<u>11,150,000.00</u>
Excess (Deficiency) of Revenues (under) Expenditures	<u>\$ 1,491,497.17</u>	<u>\$ (1,482,839.22)</u>	<u>\$ 8,657.95</u>	<u>\$ _____</u>

Additional Project Information

County Ordinance Number	920/752BB
Grant date	N/A
County Authorization Date	11/29/2012
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	11,150,000.00
Additional Authorized Cost	-0-
Revised Authorized Cost	11,150,000.00
Percentage Increase over Original Authorized Costs	N/A
Percentage Completion	100.00%
Original Completion Date	11/15
Revised Completion Date	11/16

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS RENOVATIONS AND IMPROVEMENTS TO UNION COUNTY VOCATIONAL SCHOOL
FROM THE INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	<u>PRIOR</u> <u>PERIODS</u>	<u>CURRENT</u> <u>YEAR</u>	<u>TOTALS</u>	<u>REVISED</u> <u>AUTHORIZED</u> <u>COSTS</u>
Revenues and Other Financing Sources:				
County of Union Capital Ordinances	\$ 1,442,000.00	\$ _____	\$ 1,442,000.00	\$ 1,442,000.00
Total Revenue	<u>1,442,000.00</u>	<u>0.00</u>	<u>1,442,000.00</u>	<u>1,442,000.00</u>
Expenditures and Other Financing Uses:				
Construction Services	104,967.74	116,516.68	221,484.42	942,000.00
Equipment Purchases	<u>84,623.60</u>	<u>204,559.25</u>	<u>289,182.85</u>	<u>500,000.00</u>
Total Expenditures	<u>189,591.34</u>	<u>321,075.93</u>	<u>510,667.27</u>	<u>1,442,000.00</u>
Excess (Deficiency) of Revenues (under) Expenditures	<u>\$ 1,252,408.66</u>	<u>\$ (321,075.93)</u>	<u>\$ 931,332.73</u>	<u>\$ _____</u>
<u>Additional Project Information</u>				
County Ordinance Number	752CC			
Grant date	N/A			
County Authorization Date				
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost				
Additional Authorized Cost	-0-			
Revised Authorized Cost	1,442,000.00			
Percentage Increase over Original Authorized Costs	N/A			
Percentage Completion	35.00%			
Original Completion Date	11/15			
Revised Completion Date	11/16			

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS ACQUISITIONS AND IMPROVEMENT TO UNION COUNTY VOCATIONAL SCHOOL
FROM THE INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	<u>PRIOR</u> <u>PERIODS</u>	<u>CURRENT</u> <u>YEAR</u>	<u>TOTALS</u>	<u>REVISED</u> <u>AUTHORIZED</u> <u>COSTS</u>
Revenues and Other Financing Sources:				
County of Union Capital Ordinances	\$ 978,500.00	\$ _____	\$ 978,500.00	\$ 978,500.00
 Total Revenue	 978,500.00	 _____	 978,500.00	 978,500.00
 Expenditures and Other Financing Uses:				
Purchased Profession and Technical Services				28,500.00
Construction Services	11,607.03		11,607.03	800,000.00
Equipment Purchases	_____	_____	_____	150,000.00
 Total Expenditures	 11,607.03	 _____	 11,607.03	 978,500.00
 Excess (Deficiency) of Revenues (under) Expenditures	 \$ 966,892.97	 \$ _____	 \$ 966,892.97	 \$ _____

Additional Project Information

County Ordinance Number	759bb
Grant date	N/A
County Authorization Date	9/11/2014
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	978,500.00
Additional Authorized Cost	
Revised Authorized Cost	978,500.00
Percentage Increase over Original Authorized Costs	
Percentage Completion	1.00%
Original Completion Date	6/16
Revised Completion Date	6/16

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS ACQUISITIONS AND IMPROVEMENT TO UNION COUNTY VOCATIONAL SCHOOL
FROM THE INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	<u>PRIOR</u> <u>PERIODS</u>	<u>CURRENT</u> <u>YEAR</u>	<u>TOTALS</u>	<u>REVISED</u> <u>AUTHORIZED</u> <u>COSTS</u>
Revenues and Other Financing Sources:				
County of Union Capital Ordinances	\$ _____	\$ _____	\$ _____	\$ 463,500.00
Total Revenue	_____	_____	_____	463,500.00
Expenditures and Other Financing Uses:				
Purchased Profession and Technical Services				13,500.00
Construction Services				150,000.00
Equipment Purchases	_____	238,924.60	238,924.60	300,000.00
Total Expenditures	_____	238,924.60	238,924.60	463,500.00
Excess (Deficiency) of Revenues (under) Expenditures	\$ _____	\$ (238,924.60)	\$ (238,924.60)	\$ _____

Additional Project Information

County Ordinance Number	759cc
Grant date	N/A
County Authorization Date	9/11/2014
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	463,500.00
Additional Authorized Cost	10,860.10
Revised Authorized Cost	463,500.00
Percentage Increase over Original Authorized Costs	2.34%
Percentage Completion	52.00%
Original Completion Date	6/16
Revised Completion Date	6/16

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

	<u>PRIOR</u> <u>PERIODS</u>	<u>CURRENT</u> <u>YEAR</u>	<u>TOTALS</u>	<u>REVISED</u> <u>AUTHORIZED</u> <u>COSTS</u>
Revenues and Other Financing Sources:				
County of Union Capital Ordinances	\$ _____	\$ 1,184,500.00	\$ 1,184,500.00	\$ 1,184,500.00
Total Revenue	_____	_____	1,184,500.00	1,184,500.00
Expenditures and Other Financing Uses:				
Purchased Professional Services		12,638.76	12,638.76	34,500.00
Land and Improvements				150,000.00
Construction Services		38,305.23	38,305.23	800,000.00
Equipment Purchases		68,750.00	68,750.00	200,000.00
Total Expenditures		119,693.99	119,693.99	1,184,500.00
Excess (Deficiency) of Revenues (under) Expenditures	\$ _____	\$ (119,693.99)	\$ 1,064,806.01	\$ _____

Additional Project Information

County Ordinance Number	765
Grant date	N/A
County Authorization Date	2/1/2016
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	1,184,500.00
Additional Authorized Cost	-0-
Revised Authorized Cost	1,184,500.00
Percentage Increase over Original Authorized Costs	N/A
Percentage Completion	10.00%
Original Completion Date	6/30/2017
Revised Completion Date	6/30/2017

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
IMPROVEMENT TO UNION COUNTY VOCATIONAL SCHOOL-APA/KEAN EASEMENT
FROM THE INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	<u>PRIOR</u> <u>PERIODS</u>	<u>CURRENT</u> <u>YEAR</u>	<u>TOTALS</u>	<u>REVISED</u> <u>AUTHORIZED</u> <u>COSTS</u>
Revenues and Other Financing Sources:				
County of Union Capital Ordinances	\$ _____	\$ 87,560.63	\$ 87,560.63	\$ 87,560.63
Total Revenue	_____	_____	87,560.63	87,560.63
Expenditures and Other Financing Uses:				
Construction Services	_____	17,867.36	17,867.36	87,560.63
Total Expenditures	_____	17,867.36	17,867.36	87,560.63
Other financing sources (uses):				
Capital Ordinances Canceled	_____	_____	_____	
Total other financing sources (uses)	_____	_____	_____	
Excess (Deficiency) of Revenues (under) Expenditures	\$ _____	\$ (17,867.36)	\$ 69,693.27	\$ _____

Additional Project Information

County Ordinance Number	669
Grant date	N/A
County Authorization Date	6/26/2009
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	87,560.63
Additional Authorized Cost	-0-
Revised Authorized Cost	87,560.63
Percentage Increase over Original Authorized Costs	N/A
Percentage Completion	20.00%
Original Completion Date	6/1/10
Revised Completion Date	6/30/17

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS ACQUISITIONS AND IMPROVEMENT TO UNION COUNTY VOCATIONAL SCHOOL
FROM THE INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	<u>PRIOR</u> <u>PERIODS</u>	<u>CURRENT</u> <u>YEAR</u>	<u>TOTALS</u>	<u>REVISED</u> <u>AUTHORIZED</u> <u>COSTS</u>
Revenues and Other Financing Sources:				
County of Union Capital Ordinances	\$ _____	\$ 370.51	\$ 370.51	\$ 370.51
Total Revenue	_____	_____	370.51	370.51
Expenditures and Other Financing Uses:				
Construction Services	_____	_____	_____	370.51
Total Expenditures	_____	_____	_____	370.51
Other financing sources (uses):				
Capital Ordinances Canceled	_____	_____	_____	
Total other financing sources (uses)	_____	_____	_____	
Excess (Deficiency) of Revenues (under) Expenditures	\$ _____	\$ _____	\$ 370.51	\$ _____

Additional Project Information

County Ordinance Number	671
Grant date	N/A
County Authorization Date	10/9/2008
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	370.51
Additional Authorized Cost	-0-
Revised Authorized Cost	370.51
Percentage Increase over Original Authorized Costs	N/A
Percentage Completion	
Original Completion Date	N/A
Revised Completion Date	N/A

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES-BUDGETARY BASIS
AS OF JUNE 30, 2016

<u>ORDINANCE NUMBER</u>	<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>(MEMO ONLY) UNEXPENDED PROJECT BALANCE</u>
			<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	
669	Improvements to Union County Vocation Technical Schools	\$87,560.63		\$17,867.36	\$69,693.27
671	Improvements to Union County Vocation Technical Schools	370.51			370.51
713	Improvements to Union County Vocation Technical Schools	\$1,400,000.00	\$1,294,939.00		105,061.00
723	Improvements to Union County Vocation Technical Schools	1,300,000.00	1,172,147.15	40,201.09	87,651.76
740	Improvements to Union County Vocation Technical Schools	971,043.00	648,722.70	54,686.63	267,633.67
920/752bb	Improvements to Union County Vocation Technical Schools	11,150,000.00	9,636,150.17	1,482,839.22	31,010.61
752cc	Improvements to Union County Vocation Technical Schools	1,442,000.00	295,621.49	321,075.93	825,302.58
759bb	Improvements to Union County Vocation Technical Schools	978,500.00	11,607.03		966,892.97
759cc	Improvements to Union County Vocation Technical Schools	463,500.00		238,924.60	224,575.40
765	Improvements to Union County Vocation Technical Schools	1,184,500.00		119,693.99	1,064,806.01
	Totals	<u>\$18,889,543.00</u>	<u>\$13,059,187.54</u>	<u>\$2,275,288.82</u>	<u>\$3,642,997.78</u>

PROPRIETARY FUNDS DETAIL STATEMENTS

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

FOOD SERVICES FUND: This fund provides for the operation of food services in the school district.

MATERIALS FOR RESALE FUND: This fund is used to account for fees collected and expenses incurred for student services provided to the general public.

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2016

	MATERIALS FOR RESALE FUND <u>(NON-MAJOR)</u>	FOOD SERVICE FUND <u>(NON-MAJOR)</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 188,322.10	\$ 38,936.11
Intergovernmental receivables:		
State		514.40
Federal		15,034.34
Inventories		2,315.09
Total current assets	<u>188,322.10</u>	<u>56,799.94</u>
 Total assets	 <u>\$ 188,322.10</u>	 <u>\$ 56,799.94</u>
LIABILITIES:		
Current liabilities:		
Interfund payable	\$ 5,000.00	\$ 56,886.70
Accounts Payable		11,240.26
Unearned revenue - Prepaid Sales		4,419.29
Unearned revenue		896.95
Total current liabilities	<u>5,000.00</u>	<u>73,443.20</u>
 Total liabilities	 <u>5,000.00</u>	 <u>73,443.20</u>
NET POSITION:		
Unassigned (Deficit)	<u>183,322.10</u>	<u>(16,643.26)</u>
 Total net position (Deficit)	 <u>\$ 183,322.10</u>	 <u>\$ (16,643.26)</u>

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>MATERIALS FOR RESALE FUND (NON-MAJOR)</u>	<u>FOOD SERVICE FUND (NON-MAJOR)</u>
OPERATING REVENUES:		
Charges for services:		
Daily sales - reimbursable programs	\$	\$ 187,537.27
Daily sales - non-reimbursable programs		59,536.20
Miscellaneous	45,461.43	83.85
	<hr/>	<hr/>
Total operating revenues	45,461.43	247,157.32
	<hr/>	<hr/>
OPERATING EXPENSES:		
Cost of sales-reimbursable programs		92,951.82
Cost of sales-non-reimbursable programs		29,508.00
Salaries		129,609.03
Employee benefits		77,635.49
Cleaning, repairs & maintenance		2,780.45
Supplies and materials	39,211.33	16,404.50
Management fee		15,150.00
	<hr/>	<hr/>
Total operating expenses	39,211.33	364,039.29
	<hr/>	<hr/>
Operating income (loss)	6,250.10	(116,881.97)
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES):		
State Sources:		
State School Lunch Program		2,742.79
Federal Sources:		
National School Breakfast Program		3,696.27
National School Lunch Program		74,152.36
National Food Distribution Commodities		19,647.29
	<hr/>	<hr/>
Total nonoperating revenues (expenses)		100,238.71
	<hr/>	<hr/>
Income (loss) before contributions & transfers	6,250.10	(16,643.26)
	<hr/>	<hr/>
Change in net position	6,250.10	(16,643.26)
Total net position - beginning	177,072.00	<hr/>
	<hr/>	<hr/>
Total net position - ending (Deficit)	\$ 183,322.10	\$ (16,643.26)
	<hr/> <hr/>	<hr/> <hr/>

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>MATERIALS FOR RESALE FUND (NON-MAJOR)</u>	<u>FOOD SERVICE FUND (NON-MAJOR)</u>
Cash flows from operating activities:		
Receipts from customers	\$ 45,461.43	\$ 251,576.61
Payments to employees		(125,575.41)
Payments to employees benefits		(76,602.28)
Payments to suppliers	<u>(39,211.33)</u>	<u>(131,185.18)</u>
Net cash provided by (used for) operating activities)	<u>6,250.10</u>	<u>(81,786.26)</u>
Cash flows from noncapital financing activities:		
State Sources		2,393.65
Federal Sources		<u>67,657.95</u>
Net cash provided by noncapital financing activities:		<u>70,051.60</u>
Net decrease in cash and cash equivalents	6,250.10	(11,734.66)
Cash and cash equivalents, July 1, 2015	<u>180,983.74</u>	<u>50,670.77</u>
Cash and cash equivalents, June 30, 2016	\$ <u><u>187,233.84</u></u>	\$ <u><u>38,936.11</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 6,250.10	\$ (116,881.97)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:		
Federal commodities		19,647.29
Change in assets and liabilities:		
(Increase)/Decrease in inventories		(995.21)
Increase/(Decrease) in unearned revenue		5,203.37
Increase/(Decrease) in accounts payable		<u>11,240.26</u>
		<u>35,095.71</u>
Net cash provided by (used for) operating activities	\$ <u><u>6,250.10</u></u>	\$ <u><u>(81,786.26)</u></u>

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the district for a specific purpose:

Vocational Scholarship Fund : This expendable trust is used to account for donations received that are for student scholarships.

Agency Funds are used to account for assets held by the district as an agent for another party:

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

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

Federal Fund : This agency fund is used to account for receipts for PELL Grants

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2016

	TRUST FUNDS	AGENCY FUNDS			TOTAL
	SCHOLARSHIP AND AWARDS	STUDENT ACTIVITY	PAYROLL AGENCY	FEDERAL FUNDS	AGENCY FUNDS
ASSETS:					
Cash and cash equivalents	\$15,850.62	\$231,000.71	\$275,737.18	\$10,211.00	\$516,948.89
Interfunds Receivable			170.14		170.14
Total assets	<u>\$15,850.62</u>	<u>\$231,000.71</u>	<u>\$275,907.32</u>	<u>\$10,211.00</u>	<u>\$517,119.03</u>
LIABILITIES:					
Interfund payable	8,093.43			10,211.00	10,211.00
Due to student groups		231,000.71			231,000.71
Payroll Deductions payable			275,907.32		275,907.32
Total liabilities	<u>8,093.43</u>	<u>\$231,000.71</u>	<u>\$275,907.32</u>	<u>\$10,211.00</u>	<u>\$517,119.03</u>
NET POSITION:					
Held in trust for scholarships	<u>\$7,757.19</u>				
Total net position	<u>\$7,757.19</u>				

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>TRUST FUNDS</u>	
	<u>SCHOLARSHIP</u>	
	<u>AND AWARDS</u>	<u>TOTAL</u>
Net position beginning of year	<u>\$7,757.19</u>	<u>\$7,757.19</u>
Net position end of year	<u><u>\$7,757.19</u></u>	<u><u>\$7,757.19</u></u>

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>BALANCE</u> <u>JUNE 30, 2015</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2016</u>
Student activities funds	\$ <u>211,458.00</u>	\$ <u>357,407.21</u>	\$ <u>337,864.50</u>	\$ <u>231,000.71</u>
Total all schools	\$ <u><u>211,458.00</u></u>	\$ <u><u>357,407.21</u></u>	\$ <u><u>337,864.50</u></u>	\$ <u><u>231,000.71</u></u>

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>BALANCE</u>			<u>BALANCE</u>
	<u>JUNE 30, 2015</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>JUNE 30, 2016</u>
ASSETS:				
Cash and cash equivalents	\$ 215,477.37	\$ 15,115,591.89	\$ 15,055,332.08	\$ 275,737.18
Interfunds receivable	<u>170.14</u>	<u> </u>	<u> </u>	<u>170.14</u>
Total assets	\$ <u>215,647.51</u>	\$ <u>15,115,591.89</u>	\$ <u>15,055,332.08</u>	\$ <u>275,907.32</u>
LIABILITIES:				
Payroll deductions and withholdings	<u>215,647.51</u>	<u>15,115,591.89</u>	<u>15,055,332.08</u>	<u>275,907.32</u>
Total liabilities	\$ <u>215,647.51</u>	\$ <u>15,115,591.89</u>	\$ <u>15,055,332.08</u>	\$ <u>275,907.32</u>

LONG-TERM LIABILITIES SCHEDULES

The Long-Term Liabilities schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under capital leases.

UNION COUNTY VOCATIONAL TECHNICAL SCHOOLS
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2016

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2015</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2016</u>
Copiers	5.00%	\$ 50,980.00	\$ 2,885.18	\$	\$ 2,885.18	\$
Copiers	3.50%	176,189.00	81,538.66		81,538.66	
Copiers - Refinanced	3.40%	138,202.86		138,202.86	6,244.71	131,958.15
Copiers	3.72%	411,362.56	315,569.36		79,902.01	235,667.35
Copiers	2.00%	74,382.49	67,061.76		13,907.62	53,154.14
			<u>\$ 467,054.96</u>	<u>\$ 138,202.86</u>	<u>\$ 184,478.18</u>	<u>\$ 420,779.64</u>

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STATISTICAL SECTION - UNAUDITED

UNION COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends:	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information:	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

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

UNION COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
NET POSITION BY COMPONENT
UNAUDITED

	2016	2015	2014	2013	2012	2011	2010	2,009.00	2008	2007
Governmental activities										
Net investment in capital assets	\$73,829,591.96	\$74,128,223.22	\$68,518,167.10	\$66,092,334.45	\$64,859,555.58	\$65,741,217.03	\$64,957,168.86	\$54,975,957.27	\$45,628,819.54	\$39,296,729.95
Restricted	5,588,974.34	6,369,307.76	12,732,562.48	4,885,601.75	4,499,112.40	4,581,829.92	4,493,008.93	14,919,160.11	2,172,333.18	3,791,943.98
Unrestricted (deficit)	(3,768,433.08)	(3,801,444.39)	(529,598.96)	(767,926.76)	(96,066.20)	(518,418.42)	(516,580.58)	(731,402.51)	(678,364.90)	2,362,619.78
Total governmental activities net position	\$75,650,133.22	\$76,696,086.59	\$80,721,130.62	\$70,210,009.44	\$69,262,601.78	\$69,804,628.53	\$68,933,587.21	\$69,163,714.87	\$47,122,787.82	\$45,451,293.71
Business-type activities										
Unrestricted	\$166,678.84	\$177,072.00	\$627,873.45	\$698,996.81	\$718,972.39	\$710,120.37	\$684,177.59	\$774,522.77	\$751,437.64	\$718,540.17
Total business-type activities net position	\$166,678.84	\$177,072.00	\$627,873.45	\$698,996.81	\$718,972.39	\$710,120.37	\$684,177.59	\$774,522.77	\$751,437.64	\$718,540.17
District-wide										
Net investment in capital assets	\$73,829,591.96	\$74,128,223.22	\$68,518,167.10	\$66,092,334.45	\$64,859,555.58	\$65,741,217.03	\$64,957,168.86	\$54,975,957.27	\$45,628,819.54	\$39,296,729.95
Restricted	5,588,974.34	6,369,307.76	12,732,562.48	4,885,601.75	4,499,112.40	4,581,829.92	4,493,008.93	14,919,160.11	2,172,333.18	3,791,943.98
Unrestricted (deficit)	(3,601,754.24)	(3,624,372.39)	98,274.49	(68,929.95)	622,906.19	191,701.95	167,587.01	43,120.26	73,072.74	3,081,159.95
Total district net position	\$75,816,812.06	\$76,873,158.59	\$81,349,004.07	\$70,909,006.25	\$69,981,574.17	\$70,514,748.90	\$69,617,774.80	\$69,938,237.64	\$47,874,225.46	\$46,169,833.88

Source: CAFR Schedule A-1

UNION COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CHANGES IN NET POSITION
UNAUDITED

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
EXPENSES										
Governmental activities										
Instruction:										
Vocational and Regular	\$15,295,871.94	\$14,305,890.47	\$12,621,539.00	\$12,456,096.09	\$12,123,252.72	\$11,225,220.48	\$11,865,527.47	\$10,339,610.97	\$10,142,143.81	\$9,271,996.51
Vocational and Special	1,334,179.26	1,363,775.46	1,302,600.36	1,371,960.15	1,298,647.84	1,277,958.97	873,843.42	975,655.45	828,615.56	2,041,983.06
Other instruction	358,898.45	291,364.46	250,621.51	239,717.51	231,359.27	195,378.95	183,486.96	167,293.14	119,147.37	97,722.56
Support Services:										
Student & instruction related services	2,020,868.12	1,757,372.97	1,370,180.76	1,639,165.58	1,553,794.41	1,543,850.53	1,920,837.71	1,966,996.34	1,864,626.49	2,001,075.68
General administrative services	1,100,191.31	982,544.71	702,381.64	823,005.47	868,475.22	937,043.34	974,858.48	783,554.48	730,331.48	701,163.61
School administrative services	1,584,192.73	1,464,774.16	1,142,111.74	1,295,419.10	1,219,368.22	1,124,111.40	1,187,201.17	1,083,904.91	997,640.86	815,866.99
Central services	1,177,102.09	1,049,023.02	808,029.59	784,239.60	720,555.41	779,784.76	802,438.59	733,430.30	733,430.30	807,131.30
Plant operations and maintenance	5,707,502.87	5,905,539.75	5,117,568.40	4,722,120.06	4,920,968.61	4,910,225.59	4,660,407.70	3,997,852.67	3,025,928.03	3,997,852.67
Student transportation services	47,030.12	52,532.72	44,859.38	27,536.60	23,725.00	54,334.88	51,907.15	57,299.36	36,100.00	26,042.65
Business and other support services										
Community Service operations										
Special schools	1,210,798.69	1,093,462.39	814,347.64	905,120.72	846,318.41	839,247.15	1,051,176.07	995,203.89	928,517.55	712,788.28
Interest on Long term Debt	15,254.82	19,441.12	15,374.18	21,663.92	42,191.71	2,704.56	2,704.56	1,464.99	2,424.66	2,424.66
Unallocated depreciation			1,240.39	2,704.56	23,853,389.38	22,889,860.61	23,574,389.28	21,656,038.73	20,378,406.09	19,504,124.33
Total governmental activities expenses	29,851,880.40	28,285,711.23	24,190,854.59	24,288,769.36	23,853,389.38	22,889,860.61	23,574,389.28	21,656,038.73	20,378,406.09	19,504,124.33
Business-type activities:										
Electronic Technology Training Center										
Materials for Resale	39,211.33	39,388.69	42,563.48	44,216.15	42,661.66	1,400.00	32,406.95	15,913.61	26,828.33	46,406.75
Food Service	364,039.29	358,900.30	383,957.31	379,155.47	380,320.32	339,914.48	46,336.25	32,778.00	22,198.12	74,610.04
District Internet Consortium						389,547.02	418,425.27	342,131.28	330,260.55	301,250.43
Total business-type activities expense	403,250.62	398,288.99	426,520.79	423,371.62	422,981.98	424,861.50	496,168.47	489,440.98	109,407.45	68,997.29
Total district expenses	\$30,255,131.02	\$28,684,000.22	\$24,617,375.38	\$24,712,140.98	\$24,276,371.36	\$23,314,722.11	\$24,070,557.75	\$22,145,479.71	\$20,867,100.54	\$19,995,388.84
PROGRAM REVENUES										
Governmental activities:										
Charges for Services	\$10,624,412.75	\$10,343,696.51	\$10,039,751.42	\$10,051,943.98	\$9,913,716.74	\$9,758,082.98	\$8,496,720.34	\$8,496,720.34	\$7,583,188.57	\$7,444,027.98
Operating grants and contributions	6,229,188.48	5,162,678.57	2,524,154.58	3,127,917.83	2,853,308.77	2,572,616.82	3,249,259.86	3,249,259.86	3,371,816.76	1,285,124.25
Total governmental activities program revenues	16,853,601.23	15,506,375.08	12,563,906.00	13,179,861.81	12,767,025.51	12,330,699.80	11,745,980.20	11,745,980.20	10,955,005.33	8,729,152.23
Business-type activities:										
Charges for services										
Electronic Technology Training Center										
Materials for Resale	45,461.43	31,233.33	36,173.00	60,441.49	78,129.61	2,578.00	62,628.00	62,628.00	56,576.00	26,447.00
Food Service	247,157.32	209,053.25	214,951.24	237,406.89	252,275.39	87,153.28	34,040.22	34,040.22	23,153.25	46,879.97
District Internet Consortium						235,760.05	232,144.18	232,144.18	181,944.19	182,545.34
Operating grants and contributions	100,238.71	101,643.68	104,273.19	105,547.66	101,423.03	105,289.88	72,514.64	11,550.00	80,850.00	101,700.00
Total business-type activities program revenues	392,857.46	341,930.26	355,397.43	403,396.04	431,828.03	430,781.21	412,877.04	412,877.04	380,770.35	384,706.30
Total district program revenues	\$17,246,458.69	\$15,848,305.34	\$12,919,303.43	\$13,583,257.85	\$13,198,853.54	\$12,761,481.01	\$12,158,857.24	\$12,158,857.24	\$11,335,775.68	\$9,113,858.53

UNION COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CHANGES IN NET POSITION
UNAUDITED

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
NET (EXPENSE)/REVENUE										
Governmental activities	(\$12,998,279.17)	(\$12,779,336.15)	(\$11,626,948.59)	(\$11,108,907.55)	(\$10,559,160.81)	(\$10,846,197.08)	(\$11,828,409.08)	(\$9,910,058.53)	(\$9,423,400.76)	(\$10,774,972.10)
Business-type activities	(10,393.16)	(66,358.73)	(71,123.36)	(19,975.59)	5,919.71	(90,360.54)	(63,291.43)	(76,563.94)	(107,924.10)	(106,558.21)
Total district-wide net expense	(\$13,008,672.33)	(\$12,835,694.88)	(\$11,698,071.95)	(\$11,128,883.13)	(\$10,836,557.62)	(\$10,936,557.62)	(\$11,911,700.51)	(\$9,986,622.47)	(\$9,531,324.86)	(\$10,881,530.31)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$4,690,000.00	\$4,500,000.00	\$4,418,669.00	\$4,332,048.00	\$4,332,048.00	\$4,290,680.00	\$4,156,000.00	4,034,250.00	\$4,034,250.00	\$3,879,087.00
Unrestricted grants and contributions	5,731,954.00	5,663,995.99	5,633,936.00	5,600,037.00	5,441,637.00	4,996,527.00	4,441,242.00	5,485,198.95	3,642,752.60	3,257,303.45
Restricted grants and contributions	48,411.52	165,067.54	81,292.55	58,031.00	141,577.34	254,116.59	155,891.12	76,435.58	113,226.34	2,403,506.81
County of Union	1,272,431.14	1,418,549.85	11,742,000.00	1,821,043.00	1,165,208.22	1,407,466.13	1,400,000.00	2,350,000.00	2,350,000.00	1,300,000.00
Miscellaneous income	209,529.13	277,880.02	262,152.22	245,156.21	395,659.67	502,400.09	465,141.26	416,414.30	445,847.75	437,023.54
Transfers		394,442.72						(99,575.56)	(101,166.23)	(130,331.55)
Disposal of Capital Assets (Net)					(631,793.11)	(10,997.68)	(2,194.95)	(14,667.97)		
Total governmental activities	11,952,325.79	12,419,936.12	22,138,069.77	12,066,315.21	10,616,079.42	11,430,192.13	10,616,079.42	31,498,055.30	10,484,910.46	11,146,582.25
Business-type activities:										
Miscellaneous income		(394,442.72)			5.97	23.07	15.36	73.51	365.34	491.91
Transfers								99,575.56	101,166.23	130,331.55
Total business-type activities					15.36	23.07	15.36	99,649.07	101,531.57	130,823.46
Total district-wide	\$11,952,325.79	\$12,025,493.40	\$22,138,069.77	\$12,066,315.21	\$10,616,094.78	\$11,430,215.20	\$10,616,094.78	\$31,597,704.37	\$10,586,442.03	\$11,277,412.71
CHANGE IN NET POSITION										
Governmental activities	(\$1,045,953.38)	(\$359,400.03)	\$10,511,121.18	\$947,407.66	\$56,918.61	(\$230,117.66)	(\$230,117.66)	\$19,669,646.22	\$1,061,509.70	\$371,617.15
Business-type activities	(10,393.16)	(450,801.45)	(71,123.36)	(19,975.59)	5,935.07	(90,345.18)	(90,345.18)	16,357.64	(6,392.53)	24,265.25
Total district	(\$1,056,346.54)	(\$810,201.48)	\$10,439,997.82	\$927,432.08	(\$320,462.84)	(\$320,462.84)	(\$320,462.84)	\$19,686,003.86	\$1,055,117.17	\$395,882.40

Source: CAFR Schedule A-2

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

	2016	2015	2014	2013	2012	2011	2010	2009	2,008.00	2007
General fund:										
Reserved	\$1,301,337.03	\$1,712,504.10	\$1,406,305.92	\$2,921,065.17	\$1,957,500.84	\$1,771,440.78	\$1,550,667.68	\$1,809,991.58	\$225,835.36	\$181,285.37
Restricted	233,472.46	10,948.20	434,111.65	172,249.25	\$606,091.40	\$177,960.11				
Assigned	687,179.31	707,845.94	577,081.04	624,361.74	\$644,044.40	\$657,381.47				
Unassigned							532,865.82	587,108.50	788,183.87	1,068,253.19
Unreserved	\$2,221,988.80	\$2,431,298.24	\$2,417,488.61	\$3,717,676.16	\$3,207,636.64	\$2,606,782.36	\$2,083,533.50	\$2,397,100.08	\$1,014,019.23	\$1,249,538.56
Total general fund										
All other governmental funds:										
Restricted	\$3,642,997.78	\$4,645,855.46	\$10,892,144.91	\$1,763,617.83	\$2,541,611.56	\$2,810,389.14				
Unreserved, reported in:										
Special revenue fund (deficit)								(904.05)	(904.05)	(904.05)
Capital projects fund						\$3,241,850.85	\$13,199,074.89	1,946,738.27	3,609,917.37	3,703,330.00
Total all other governmental funds	\$3,642,997.78	\$4,645,855.46	\$10,892,144.91	\$1,763,617.83	\$2,541,611.56	\$6,052,239.99	\$13,199,074.89	\$1,964,777.80	\$6,384,577.22	\$20,430,929.66

Source: CAFR Schedule B-1

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

UNAUDITED

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Tax levy	\$4,690,000.00	\$4,500,000.00	\$4,418,689.00	\$4,332,048.00	\$4,332,048.00	\$4,280,680.00	\$4,156,000.00	\$4,034,250.00	\$4,034,250.00	\$3,879,087.00
County of Union	\$1,272,431.14	1,418,549.85	11,742,000.00	1,821,043.00	1,185,208.22	1,407,466.13	1,400,000.00	21,600,000.00	2,350,000.00	1,300,000.00
Tuition from LEA	\$10,135,475.00	9,873,100.00	9,511,200.00	9,461,300.00	9,264,875.00	8,971,975.00	8,430,075.00	7,795,300.00	7,064,525.00	6,789,050.00
Other tuition	\$488,937.75	470,596.51	528,551.42	590,643.98	648,841.74	786,107.98	865,455.51	701,420.34	518,663.57	654,977.98
Miscellaneous	\$209,529.13	288,983.74	268,369.22	245,156.21	475,068.05	551,785.08	502,180.17	416,646.30	446,174.14	601,470.48
Interest on capital reserve							4.00	3.00	673.61	170.38
State sources	8,122,621.04	7,713,985.99	7,445,704.60	7,939,562.40	7,206,048.83	6,634,631.29	5,892,541.86	7,736,063.48	6,555,924.28	5,200,121.21
Federal sources	930,241.96	977,615.39	787,461.53	846,423.43	1,151,065.90	1,139,244.13	2,100,210.04	1,074,595.91	570,871.42	1,581,195.98
Total revenue	25,849,236.02	25,242,831.48	34,701,975.77	25,236,177.02	24,283,155.74	23,346,466.58	23,346,466.58	43,358,279.03	21,541,082.02	20,006,073.03
Expenditures										
Instruction										
Regular vocational programs - instruction	9,793,582.06	9,471,324.49	8,936,392.90	8,864,388.33	8,754,466.40	7,823,494.32	8,701,604.15	7,626,888.58	7,480,803.19	6,973,824.75
Special vocational programs - instruction	795,192.64	910,080.85	1,013,169.80	1,093,065.67	1,065,555.88	1,062,980.69	663,384.98	779,083.71	632,915.08	624,423.10
Other instruction	298,616.50	251,348.92	241,445.49	218,743.10	209,368.47	178,410.00	167,269.50	152,548.44	102,169.59	80,986.03
Support services										
Student and instruction related services	1,435,328.78	1,273,992.90	1,092,692.72	1,320,818.15	1,293,774.50	1,311,550.75	1,687,879.19	1,766,533.66	1,661,645.70	1,800,160.72
General administrative services	571,020.08	583,751.43	428,283.62	438,191.31	459,298.24	529,542.68	590,986.31	466,538.08	469,322.76	429,237.21
School administrative services	884,856.64	838,470.20	809,359.67	875,288.00	885,960.67	836,381.49	904,175.31	784,460.75	610,849.59	604,589.68
Business and other support services										
Central services	655,065.32	679,593.58	606,467.47	571,454.56	606,356.48	635,351.86	654,365.57	642,277.82	543,835.78	578,225.80
Plant operations and maintenance	3,340,971.47	3,639,581.48	3,462,877.36	3,129,842.18	3,290,573.58	3,442,522.97	3,208,107.34	3,075,717.09	2,743,692.48	2,364,365.78
Student transportation services	47,030.12	52,532.72	44,859.38	27,536.60	23,725.00	54,334.88	51,907.15	57,299.36	36,100.00	26,042.65
Unallocated employee benefits	5,953,443.92	5,492,713.21	5,206,118.46	5,186,806.93	4,587,791.64	4,222,205.41	4,118,250.98	3,618,922.44	3,782,162.26	3,695,539.73
Capital outlay	2,508,050.20	8,253,370.01	5,002,461.86	3,433,287.31	2,210,504.75	3,092,074.26	12,475,122.19	10,931,326.89	7,366,464.43	11,725,344.07
Special schools	505,281.20	497,386.72	440,860.07	520,898.09	523,703.43	542,233.15	762,902.18	736,757.18	655,273.68	461,981.92
Community service operations										
Total expenditures	26,788,438.93	31,944,146.51	27,284,988.80	25,680,320.23	23,911,079.04	33,985,954.85	33,985,954.85	30,638,354.00	26,095,234.54	29,364,721.44
Excess (deficiency) of revenues over (under) expenditures	(939,202.91)	(6,701,315.03)	7,416,986.97	(444,143.21)	332,076.70	(10,639,488.27)	(10,639,488.27)	12,719,925.03	(4,554,152.52)	(9,356,648.41)
Other financing sources (uses)	138,202.86		411,362.56	176,189.00		50,980.00	368,697.65	(99,575.56)	(101,166.23)	(130,331.55)
Capital leases										
Transfers out										
Total other financing sources (uses)	138,202.86	0.00	411,362.56	176,189.00	0.00	50,980.00	368,697.65	(99,575.56)	(101,166.23)	(130,331.55)
Net change in fund balances	(\$801,000.05)	(\$6,701,315.03)	\$7,828,349.53	(\$267,954.21)	\$332,076.70	(\$10,270,790.62)	(\$10,270,790.62)	\$12,620,349.47	(\$4,655,318.75)	(\$9,486,979.96)

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>Evening School</u> <u>Fees</u>	<u>Reimbursement of</u> <u>Costs</u>	<u>PSE & G</u> <u>Reimbursement</u>	<u>Miscellaneous</u>	<u>Total</u>
2016	\$	\$	\$ 114,177.26	\$ 95,351.87	\$ 209,529.13
2015			150,872.66	127,007.36	277,880.02
2014			144,200.79	117,951.43	262,152.22
2013	49,178.86		140,894.74	55,082.61	245,156.21
2012	56,230.00		242,259.68	97,169.99	395,659.67
2011	60,310.00	68,251.00	251,436.52	122,402.57	502,400.09
2010	57,290.00		265,383.20	142,464.06	465,137.26
2009	60,150.00		252,526.64	103,734.66	416,411.30
2008	62,890.00		269,910.81	113,373.33	446,174.14
2007	63,700.00		224,545.83	148,607.33	436,853.16
2006	51,760.00	65,905.74	222,246.15	101,787.45	441,699.34

Source: District Records

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2016	\$4,690,000.00	\$4,690,000.00	100.00%	\$0.00
2015	4,500,000.00	4,500,000.00	100.00%	0.00
2014	4,418,689.00	4,418,689.00	100.00%	0.00
2013	4,332,048.00	4,332,048.00	100.00%	0.00
2012	4,332,048.00	4,332,048.00	100.00%	0.00
2011	4,280,680.00	4,280,680.00	100.00%	0.00
2010	4,156,000.00	4,156,000.00	100.00%	0.00
2009	4,034,250.00	4,034,250.00	100.00%	0.00
2008	4,034,250.00	4,034,250.00	100.00%	0.00
2007	3,879,087.00	3,879,087.00	100.00%	0.00

Source: District records.

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

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction:	132	128	127	126	127	127	124	121	119	115
Vocational, Regular and Special Education										
Support Services:										
Student & instruction related services	10	10	9	9	9	8	8	8	8	8
General administrative services	3	2	2	2	2	2	2	2	2	2
School administrative services	6	6	5	5	6	6	6	6	5	5
Central services	17	17	17	17	21	21	21	21	21	21
Administration information technology	2	2	1	1	1	1	1	1	1	1
Plant operations and maintenance	10	10	10	10	13	10	20	20	20	20
Total	180	175	171	170	179	175	182	179	176	172

Source: District Personnel Records

UNION COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
OPERATING STATISTICS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment (d)</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>% Change</u>	<u>Teaching Staff (b)</u>	<u>Teacher/Pupil Ratio</u>	<u>Average Daily Enrollment (c)</u>	<u>Average Daily Attendance (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2016	1,674	\$22,868,777.09	\$13,661.16	-1.60%	132	1:13	1,671	1,588	2.48%	95.03%
2015	1,639	22,345,238.21	13,633.46	-2.99%	128	1:13	1,632	1,547	3.73%	94.79%
2014	1,605	22,282,526.94	13,883.19	-1.21%	127	1:13	1,574	1,486	1.16%	94.41%
2013	1,583	22,247,032.92	14,053.72	0.32%	126	1:13	1,556	1,481	0.91%	95.18%
2012	1,549	21,700,574.20	14,009.41	2.02%	127	1:12	1,542	1,460	-2.84%	94.68%
2011	1,503	20,639,008.20	13,731.88	-8.98%	125	1:12	1,587	1,481	-8.00%	93.32%
2010	1,408	21,241,057.13	15,085.98	-3.12%	124	1:11	1,725	1,618	20.97%	93.80%
2009	1,302	20,274,718.57	15,571.98	-4.22%	121	1:11	1,426	1,348	9.69%	94.53%
2008	1,187	19,298,563.56	16,258.27	3.59%	119	1:10	1,300	1,228	14.94%	94.46%
2007	1,148	18,018,369.00	15,695.44	22.05%	115	1:12	1,131	1,063	9.38%	93.99%

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less capital outlay.

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

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

(d) Enrollment obtained from fall survey system report.

UNION COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHOOL BUILDING INFORMATION
UNAUDITED

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>District Buildings</u>										
Union County Vocational - 1965										
West Hall										
Square Feet	223,059	190,639	190,639	190,639	190,639	190,639	190,689	190,689	190,689	178,689
Capacity (students - full time)	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,060
Enrollment*	932	883	883	844	844	880	845	759	810	715
Mancuso Hall - 1997										
Square Feet	47,038	47,038	47,038	47,038	46,438	46,438	46,438	46,438	46,438	46,438
Capacity (students - full time)	428	428	428	428	428	428	428	428	428	428
Enrollment*	298	292	292	286	286	279	274	270	283	283
Bistocchi Hall - 2004										
Square Feet	68,500	68,500	68,500	68,500	67,900	67,900	67,900	67,900	67,900	67,900
Capacity (students - full time)	518	518	518	518	518	518	518	518	518	518
Enrollment*	275	263	263	505	505	495	470	457	416	416
Baxel Hall - 2008										
Square Feet	55,733	55,733	55,733	55,733	54,843	54,843	54,834	54,834	54,834	54,834
Capacity (students - full time)	498	498	498	498	498	498	498	498	498	498
Enrollment	282	262	262	250	250	256	353	287	180	180
APA Building - 2010										
Square Feet	43,341	43,341	43,341	43,341	42,451	42,451	42,451	42,451	42,451	42,451
Capacity (students - full time)	385	385	385	385	385	385	385	385	385	385
Enrollment	190	186	186	142	142	143	143	143	143	143

* full and share-time students

Number of Schools at June 30, 2016
 Union County Technical High School = 1
 Magnet High School = 1
 Academy for Information Technology = 1
 Academy for Allied Health Sciences = 1
 Adult High School = 1
 APA Building+1

Number of Buildings-5

Source: District records

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

UNION COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

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

School Facilities * Project #(s)	<u>Total</u>	Mancuso <u>Hall</u>	West <u>Hall</u>	Bistocchi <u>Hall</u>	Baxel <u>Hall</u>	APA <u>Building</u>
2016	\$ 908,484.30	\$ 105,475.03	\$ 427,351.01	\$ 153,533.85	\$ 124,916.59	\$ 97,207.82
2015	976,166.77	113,304.95	459,210.48	165,002.53	134,249.44	104,399.38
2014	967,367.81	112,283.64	455,071.25	163,515.23	133,039.34	103,458.35
2013	858,691.65	99,669.44	403,947.50	145,145.50	118,093.40	91,835.81
2012	1,005,981.00	158,938.00	516,721.00	187,558.00	117,237.00	25,527.00
2011	1,577,948.00	249,493.00	810,631.00	294,760.00	183,064.00	40,000.00
2010	1,469,001.47	249,730.25	690,430.69	308,490.31	220,350.22	
2009	1,304,156.00	169,540.00	691,203.00	247,790.00	195,623.00	
2008	972,469.34	212,744.00	559,853.00	257,532.00	89,576.00	
2007	1,005,372.00	188,216.00	505,089.00	228,513.00	83,554.00	
Total School Facilities	\$ 11,045,638.34	\$ 1,659,394.31	\$ 5,519,507.93	\$ 2,151,840.42	\$ 1,399,702.99	462,428.36

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

Source: District records

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<u>Property and Casualty:</u>		
Building and Contents including Equipment Breakdown	\$79,001,473	\$5,000
Commercial General Liability	1,000,000	N/A
Boiler and Machinery Blanket Property Limit	100,000,000	5,000
Crime - Blanket Employee Dishonesty	500,000	5,000
- Forgery or Alteration	50,000	1,000
School Board Legal Liability E & O	1,000,000	
<u>Public Officials Bonds:</u>		
Janet Behrmann - Board Secretary/Business Administrator	250,000	N/A
Edward Mellage - Treasurer of School Monies	250,000	N/A
<u>Accidental Death and Dismemberment</u>		
Principal Sum	100,000	N/A
Aggregate	500,000	N/A
<u>Environmental Impairment Liability - Site Specific</u>		
Each Occurrence	1,000,000	N/A
Aggregate	3,000,000	N/A
Program Aggregate	10,000,000	25,000.00
<u>Storage Tank Liability</u>		
Policy Aggregate	1,000,000	
Each Occurrence	1,000,000	
Defense Cost Expense Limit	250,000	
Deductible - Per Claim		5,000

Source: Union County Vocational Technical Schools - Board of Education

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable President and Members
of the Board of Education
Union County Vocational-Technical Schools
County of Union
Scotch Plains, New Jersey 07076

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Union County Vocational-Technical Schools (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 financial statements, and have issued our report thereon dated November 28, 2016.

Internal Control Over Financial Reporting

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

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

SUPLEE, CLOONEY & COMPANY

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However we noted an immaterial instance of noncompliance that we have reported to the Board of Education of the Union County Vocational-Technical Schools in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated November 28, 2016.

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

November 28, 2016



SUPLEE, CLOONEY & COMPANY

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

Honorable President and Members
of the Board of Education
Union County Vocational-Technical Schools
County of Union
Scotch Plains, New Jersey 07076

Report on Compliance for Each Major Federal and State Program

We have audited the Union County Vocational-Technical Schools compliance with the types of compliance requirements described in the Federal *OMB Uniform Guidance Compliance Supplement* and the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Union County Vocational-Technical Schools major federal and state programs for the year ended June 30, 2016. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Union County Vocational-Technical Schools major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 15-08*. Those standards, *Uniform Guidance* and New Jersey *OMB 15-08* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Union County Vocational-Technical Schools compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Union County Vocational-Technical Schools compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Union County Vocational-Technical Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.



Report on Internal Control Over Compliance

Management of the Union County Vocational-Technical Schools 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 Union County Vocational-Technical Schools internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance* and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Union County Vocational-Technical Schools internal control over compliance.

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

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

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


CERTIFIED PUBLIC ACCOUNTANTS

PUBLIC SCHOOL ACCOUNTANT NO. 962

November 28, 2016

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FEDERAL CFDA NUMBER	GRANT PERIOD	FAIN	AWARD AMOUNT	BALANCE AT JUNE 30, 2015	PRIOR PERIOD ADJUSTMENTS	BALANCE AT JUNE 30, 2015	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS BALANCE	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2016	UNEARNED REVENUE AT JUNE 30, 2016	DUE TO GRANTOR AT JUNE 30, 2016
Special Revenue Funds:												
U.S. Department of Education												
Passed-Through State Department of Education:												
No Child Left Behind:												
84.01	9/1/14-8/31/15	S010A150030	\$ 232,419.00	\$ (9,179.00)	\$	\$ (9,179.00)	\$ 9,179.00	\$	\$	\$ (31,471.18)	\$	\$
84.01	7/1/15-6/30/16	S010A150030	231,131.00				196,499.00	(227,970.18)				
84.281	9/1/14-8/31/15	S367A150029	21,162.00	(2,448.00)		(2,448.00)	2,448.00					
84.281	7/1/15-6/30/16	S367A150029	21,162.00				2,684.00	(3,525.23)		(841.23)		
84.027	9/1/14-8/31/15	S027A150100	224,575.00	(85,614.00)		(85,614.00)	85,614.00					
84.027	7/1/15-6/30/16	S027A150100	242,598.00				171,657.00	(242,598.00)		(70,941.00)		
84.048	7/1/15-6/30/16	S048A150030	394,263.00				239,880.00	(394,263.00)		(154,363.00)		
84.048	7/1/14-6/30/15	S048A150030	405,922.00	(251,054.00)		(251,054.00)	251,054.00					
84.048	7/1/15-6/30/16	S048A150030	104,807.00				104,807.00	(104,807.00)				
Total Special Revenue Fund				(348,295.00)		(348,295.00)	1,063,822.00	(973,163.41)		(237,636.41)		
Enterprise Fund:												
U.S. Department of Agriculture												
Passed-Through State Department of Education:												
10.565	7/1/15-6/30/16		20,431.37				20,431.37	(19,534.42)			886.95	
10.565	7/1/14-6/30/15		16,960.95	112.87		112.87		(112.87)				
10.553	7/1/15-6/30/16	16161NJ30AN1099	3,696.27				2,900.27	(3,696.27)		(796.00)		
10.553	7/1/14-6/30/15	16161NJ30AN1099	3,637.78	(307.98)		(307.98)	307.98					
10.555	7/1/14-6/30/15	16161NJ30AN1099	75,797.62	(4,535.68)		(4,535.68)	4,535.68					
10.555	7/1/15-6/30/16	16161NJ30AN1099	74,152.36				59,914.02	(74,152.36)		(14,238.34)		
Total Enterprise Fund				(4,730.79)		(4,730.79)	88,089.32	(97,485.92)		(15,034.34)		
Fiduciary Fund:												
United States Department of Education:												
Trust and Agency Funds:												
84.063	7/1/15-6/30/16		141,178.00				141,178.00	(141,178.00)				
							141,178.00	(141,178.00)				
Total Fiduciary Fund				(353,025.79)		(353,025.79)	1,283,089.32	(1,211,837.33)		(272,670.75)		886.95
Total Federal Financial Assistance												

See accompanying notes to schedules of financial assistance.

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2015		ADJUSTED BALANCE AT JUNE 30, 2015	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	BALANCE AT JUNE 30, 2016		MEMO CUMULATIVE TOTAL EXPENDITURES
				UNEARNEED REVENUE	DUE TO GRANTOR					(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	
State Department of Education												
General Funds:												
State Aid Cluster												
Special Education Aid	16-495-034-5120-011	7/1/15-6/30/16	\$ 946,786.00	\$	\$	\$	\$ 845,391.42	\$ (946,786.00)	\$ 101,394.58	\$	\$	\$ 946,786.00
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	43,442.00			38,892.06	4,549.94	(43,442.00)	4,549.94			43,442.00
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	4,643,708.00			4,198,036.16	445,671.84	(4,643,708.00)	\$445,671.84			4,643,708.00
PARCC Readiness Aid	16-495-034-5120-097	7/1/15-6/30/16	16,700.00			14,840.46	1,859.54	(16,700.00)	1,859.54			16,700.00
Per Pupil Growth Aid	16-495-034-5120-098	7/1/15-6/30/16	16,700.00			14,840.46	1,859.54	(16,700.00)	1,859.54			16,700.00
Adult and Post Graduate Program Aid	16-100-034-5120-510	7/1/15-6/30/16	64,787.00			57,826.44	6,960.56	(64,787.00)	6,960.56			64,787.00
Total State Aid Cluster						\$5,169,827.00	\$5,732,123.00	\$5,732,123.00	\$562,296.00			\$5,732,123.00
Reimbursed TPAF Social Security Contributions	15-495-034-5095-003	7/1/14-6/30/15	690,768.99		(70,075.94)	70,075.94						
Reimbursed TPAF Social Security Contributions	16-495-034-5095-003	7/1/15-6/30/16	776,903.04			699,925.68				(76,977.36)		(776,903.04)
On-Behalf TPAF Pension Contribution			691,029.00			691,029.00						
On-Behalf TPAF Post Retirement Medical			863,812.00			863,812.00						
On-Behalf TPAF Noncontributory Insurance			34,423.00		(70,075.94)	2,359,265.62						
Total General Funds												
Special Revenue Fund:												
Apprentice Coordinator	15-100-034-5062-032	9/1/14-8/31/15	36,750.00		(10,992.00)	19,105.00				(16,387.00)		24,500.00
Total Special Revenue Fund												24,500.00
Enterprise Fund:												
National School Lunch Program (State Share)	15-100-034-5120-123	7/1/14-6/30/15	2,777.40		(165.26)	165.26						2,777.40
National School Lunch Program (State Share)	16-100-034-5120-122	7/1/15-6/30/16	2,742.79			2,288.39				(514.40)		2,742.79
Total Enterprise Fund												5,520.19
Total State Financial Assistance						\$ (81,233.20)	7,550,591.27	(6,125,532.83)	\$ 562,296.00	(93,878.76)	\$ 165.26	\$ 4,999,329.39
Less: On-Behalf amounts not utilized for determination of Major Programs:												
On-Behalf TPAF Pension Contribution		7/1/15-6/30/16	691,029.00			691,029.00						
On-Behalf TPAF Post Retirement Medical		7/1/15-6/30/16	863,812.00			863,812.00						
On-Behalf TPAF Noncontributory Insurance		7/1/15-6/30/16	34,423.00			34,423.00						
Total Expenditures of State Financial Assistance Subject to Single Audit Testing						\$ 5,961,327.27		(6,536,268.83)				

The accompanying notes to schedules of financial assistance are an integral part of this schedule.

Union County Vocational-Technical Schools
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2016

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Federal Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de Minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

Union County Vocational-Technical Schools
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2016

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (169.00) for the general fund and (\$42,921.45) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$6,509,026.04	\$6,509,026.04
Special Revenue Fund	\$973,163.41	24,500.00	997,663.41
Fiduciary Fund	141,178.00		141,178.00
Food Service Fund	97,495.92	2,742.79	100,238.71
	<u> </u>	<u> </u>	<u> </u>
Total Awards & Financial Assistance	<u>\$1,211,837.33</u>	<u>\$6,536,268.83</u>	<u>\$7,748,106.16</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2016. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2016.

Union County Vocational-Technical Schools
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| (a) | Material weakness identified? | No |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? | No |

Union County Vocational-Technical Schools
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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

Federal Program(s) (Continued)

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

<u>Program</u>	<u>C.F.D.A Number</u>
Title I	84.010A
Child Nutrition Program Cluster	10.553 / 10.555

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

(6) Auditee qualified as a low-risk auditee under Federal Uniform Guidance?

Yes

State Program(s)

(1) Internal Control Over Major State Programs:

(a) Material weakness identified?

No

(b) Significant deficiencies identified that are not considered to be material weaknesses?

No

(2) Type of Auditor’s Report issued on compliance for major state program(s)?

Unmodified

Union County Vocational-Technical Schools
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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

- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08 and listed in Section III of this schedule? No
- (4) Identification of Major State Program(s):
- | <u>Program</u> | <u>Grant
Number</u> |
|-----------------------|-------------------------|
| Special Education Aid | 16-495-034-5120-089 |
| Equalization Aid | 16-495-034-5120-078 |
| Security Aid | 16-495-034-5120-084 |
| PARCC Readiness Aid | 16-495-034-5120-097 |
| Per Pupil Growth Aid | 16-495-034-5120-098 |
- (5) Program Threshold Determination:
Type A State Program Threshold > \$750,000.00
Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under Federal Uniform Guidance? Yes

Union County Vocational-Technical Schools
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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

Internal Control Findings – None Reported

Compliance Findings – None Reported

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

Federal Programs – None Reported

State Programs – None Reported

Union County Vocational-Technical Schools

Schedule of Prior Year Audit Findings

Not Applicable

