

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended 30, 2017

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

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

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

Kim Metz, Ed.D., Superintendent
Corinne Steinmetz, Business Administrator
District Board Office
8 Bartles Corner Road, Ste. 201
Flemington, NJ 08822
908-788-1119
908-806-4839 Fax

November 28, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Hunterdon County Vocational Board School District for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.



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

The District provides a full range of educational services appropriate to grade levels 9 through 12.

2. **GRANTS:** During the 2016-17 school year the District was successful in obtaining grants to develop and implement vocational programs and services. Grants included:

Apprenticeship Coordinator (Hunterdon & Somerset Counties)- \$25,000

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

Perkins Secondary- \$37,283 Perkins Reserve - \$16,474

Perkins Secondary funds were used to enhance and expand secondary CTE programs. This year funds were used for new textbooks, professional development for instructors, and equipment for culinary, automotive, animation and construction technology.

Perkins Post Secondary - \$97,223

Post Secondary Perkins grant funds are used to enhance and expand post-secondary CTE programs. This year grant funds were used computers, graphic arts and cosmetology software, smart boards, culinary equipment and EKG machine for nursing assistant students.

ESSA Title 1A - \$1086

ESSA Title IIA - \$4057

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

Workforce Investment Board - \$80,000

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

County Vocational School District Partnership Grant \$590,000

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

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

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

County Vocational School District Partnership Grant; Cohort #3, \$330,000

The third grant opportunity through the New Jersey Department of Education was awarded to the district to develop and implement a third four-year full-time CTE program in environmental sustainability and engineering. Titled as the Environmental Sustainability and Engineering Academy, the academy is partnered with Voorhees High School and Hunterdon County Educational Service Commission utilizing the Curriculum for Agriculture Science Education (CASE) four-year curriculum as the foundation. This 40-month grant will focus on dual college credits, related industry credentials and work-base learning. Post-secondary partners include Raritan Valley Community College, Centenary University, Rowan College at Burlington County and Rutgers School of Environmental & Biological Sciences. Other key partners include ExxonMobil, Hunterdon Healthcare System and Musconetong Watershed Association.

NJBuild Incarcerated Women in Construction \$100,000

The NJBuild grant was provided by the New Jersey Department of Labor and Workforce Development to prepare women in the construction field following their release at Edna Mahan Correctional Facilities for Women. The initiative provides training to individual who will need to find jobs after they have served their sentences, but it also strives to address an alarming disparity in the number of women employed in the construction field. The grant provided participants with specific training in carpentry, electrical, plumbing, roofing, tiling and finished trades. Participants receive an OSHA-10 general certification and workforce readiness skills such as resume writing, interviewing tips, teamwork, budgeting, work ethics and other skills necessary to obtain a job in their chosen construction occupation.

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

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

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

4. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section. Budgetary controls are meant to be complex enough to maintain fiscal integrity and insure compliance, but permit the District to be flexible enough to meet the demands of a dynamic marketplace and changing district and community needs.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

5. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect that generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

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

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

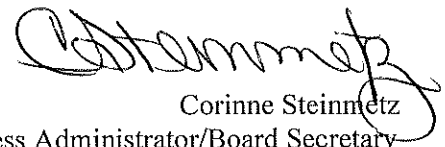
8. **INDEPENDENT AUDIT:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bedard, Kurowieki & Co., CPA's, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes,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

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

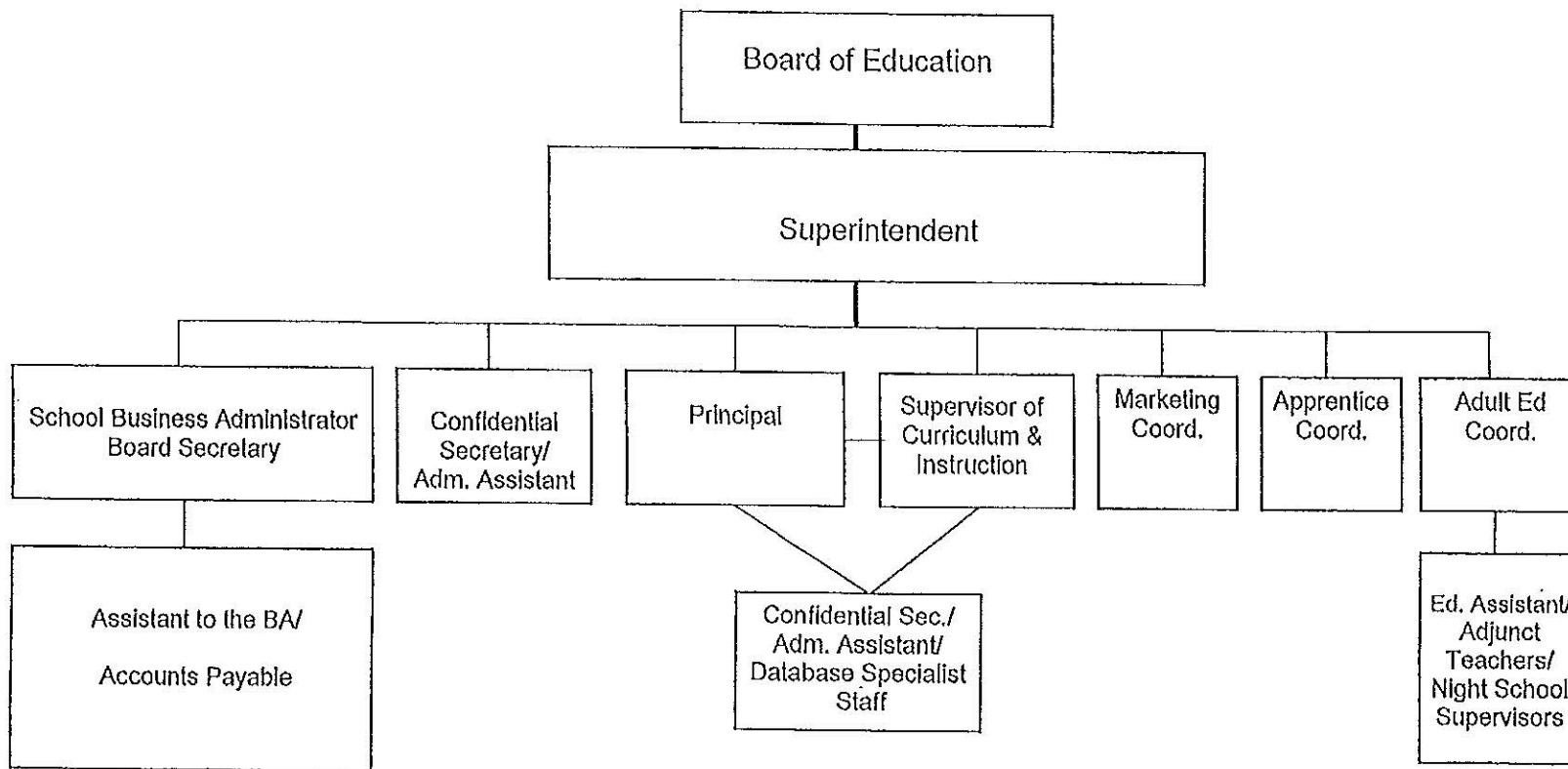
Respectfully submitted,



Dr. Kimberly Metz
Superintendent



Corinne Steinmetz
Business Administrator/Board Secretary



HUNTERDON COUNTY POLYTECH Organizational Chart

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Flemington, New Jersey
Consultants & Advisors
June 30, 2017

Members of the Board of Education	Title	Term Expires
Elizabeth Martin	President	2019
Kevin Gilman	Vice-President	2018
John Phillips		2017
Catherine Hebson McVicker, Ed. D		2020
Lenore Cortina Ed.D		2021
Juan Torres	Interim Co. Ex. Superintendent	No Term

Other Officials

Dr. Kimberly Metz	Superintendent
Corinne Steinmetz	Board Secretary/School Business Administrator
Vex & Gage Labor & Employment Law Firm	Solicitor
Suzanne Lagay	Freeholder Liaison
J. Matthew Holt	Freeholder Liaison

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Flemington, New Jersey
Consultants & Advisors
June 30, 2017

AUDIT FIRM

Bedard, Kurowicki & Co., CPA's, PC
114 Broad Street
Flemington, NJ 08822

ATTORNEY

Howard A. Vex, Esq.
The Vex Labor & Employment Law Firm
2001 Route 46, Suite 310
Parsippany, NJ 07054

OFFICIAL DEPOSITORY

Investors Bank
Three Bridges, NJ 08887



Certified Public Accountants, PC

www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hunterdon County Vocational School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Hunterdon County Vocational School District, as of June 30, 2017, 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 Schedules, Schedules of the District's Proportionate Share of Net Pension Liability, and Schedules of the District's Pension Contributions, as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

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



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

November 28, 2017
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The discussion and analysis of Hunterdon County Vocational School District's (HCVSD) provides an overall review to the School District's financial activities for the year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in the district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

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

The 2016-2017 school year saw another great year for district growth due in large part of developing and implementing full-time academies. During this year, the district had implemented two four-year academies and is currently working on a third academy for the upcoming 2017-18 school year. Due to these efforts and promoting the career and technical education now at the grammar school level, has put most of the district programs at capacity with the academies having at least double the number of applicants than the seats available.

As a county vocational school, reorganization occurs the first week of November each year. Elizabeth Martin was elected as the incumbent President of the Board of Education and Kevin Gilman as Vice President.

Superintendent Dr. Kimberly Metz continued her efforts to inform the Board of Education, the staff and all other stakeholders of the current status and future vision of the administration and district as she approaches retirement. Dr. Metz is on target for carrying a strategic plan that was developed with the input from Board members, Freeholders, staff, members of the community, local business owners, sending districts and other stakeholders. The strategic plan included such activities as the expansion of academies and program offerings, partnerships with the community, marketing efforts and re-establishing the district's Education Foundation.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Financial Highlights

Key financial highlights for 2017 are as follows:

- General Revenues accounted for \$3,803,914 in revenue, or 48.65% of all revenues. Program specific revenues in the form of charges for services, (including tuition) and operating and capital grants accounted for \$4,015,010 or 51.35% of total revenues of \$7,818,924.
- The school district has \$7,488,765 in expenses; only \$4,015,010 of these expenses was offset by program specific charges for services (including tuition), grants or contributions, with the remainder, primarily property taxes, supporting the programs.
- Among major funds, the General Fund had \$6,308,900 in revenues and \$5,583,754 in expenditures. The General Fund's balance increased by \$675,146 from the previous year.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in position. This change in net position is important because it tells the reader whether the financial position of the School District has or has not improved. Changes in the District's financial position may be the result of many factors, including the School District's property tax base, current laws in New Jersey restricting revenue growth, facility status, required educational programs and other factors.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
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 2017 compared to 2016.

Table 1
Net Position

	06/30/17	06/30/16	Variance	
			Dollars	Percent
ASSETS				
Current & Other Assets	\$ 4,992,859	\$ 5,375,688	\$ (382,829)	-7.12%
Capital Assets	10,666,841	10,833,606	(166,765)	-1.54%
Total Assets	<u>15,659,700</u>	<u>16,209,294</u>	<u>(549,594)</u>	-3.39%
Deferred Outflows of Resources	<u>748,675</u>	<u>380,248</u>	<u>368,427</u>	96.89%
LIABILITIES				
Long Term Liabilities	2,949,921	2,385,598	564,323	23.66%
Other Liabilities	<u>65,607</u>	<u>1,119,740</u>	<u>(1,054,133)</u>	-94.14%
Total Liabilities	<u>3,015,528</u>	<u>3,505,338</u>	<u>(489,810)</u>	-13.97%
Deferred Inflows of Resources	<u>187,629</u>	<u>209,145</u>	<u>(21,516)</u>	-10.29%
NET POSITION				
Net Investment in Capital Assets	10,666,841	10,833,606	(166,765)	-1.54%
Restricted	2,962,181	2,262,173	700,008	30.94%
Unrestricted	<u>(423,804)</u>	<u>(220,720)</u>	<u>(203,084)</u>	92.01%
Total Net Position	<u>\$13,205,218</u>	<u>\$12,875,059</u>	<u>\$ 330,159</u>	2.56%

Current Assets have decreased \$382,829 and Unrestricted Net Position has decreased \$203,084.

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
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Table 2 shows changes in net position for fiscal year 2017.

Table 2
Changes in Net Position

	06/30/17	06/30/16	Variance	
			Dollars	Percent
REVENUES				
Program Revenues				
Charges for Services	\$ 3,351,377	\$ 3,046,375	\$ 305,002	10.01%
Operating Grants	663,633	638,950	24,683	3.86%
General Revenues				
County Taxes	1,613,641	1,582,001	31,640	2.00%
Unrestricted Grants	2,144,208	1,952,665	191,543	9.81%
Investment Income	20,071	5,589	14,482	259.12%
Other	25,994	14,830	11,164	75.28%
Total Revenues	<u>7,818,924</u>	<u>7,240,410</u>	<u>578,514</u>	7.99%
PROGRAM EXPENSES				
Instruction:				
Regular	3,633,668	2,913,377	720,291	24.72%
Special	127,472	183,287	(55,815)	-30.45%
Other	57,669	47,409	10,260	21.64%
Support Services				
Student & Instructional Related Services	1,192,910	1,126,684	66,226	5.88%
General & Business Administration	746,449	599,850	146,599	24.44%
School Administration	419,797	385,320	34,477	8.95%
Maintenance	733,833	765,388	(31,555)	-4.12%
Transportation	17,891	12,200	5,691	46.65%
Special Schools	37,934	40,725	(2,791)	-6.85%
Special Services	488,787	460,654	28,133	6.11%
Interest and other charges	32,355	49,321	(16,966)	-34.40%
Total Expenses	<u>7,488,765</u>	<u>6,584,215</u>	<u>904,550</u>	13.74%
Special Item				
Insurance proceeds	-	99,432	(99,432)	*
Increase (Decrease) in Net Position	<u>\$ 330,159</u>	<u>\$ 755,627</u>	<u>\$ (425,468)</u>	-56.31%

Undefined = *

Governmental Activities

County taxes made up 20.64% of revenues for Governmental Funds for fiscal year 2017. The district's total revenues for Governmental Funds were \$6,972,533 for the fiscal year ended June 30, 2017. Tuition revenue in a total amount of \$3,321,725 accounted for 47.64% of total revenues. The

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

remaining revenues for Governmental Funds were from interest on investments, state aid, federal grants, and miscellaneous income.

Business-Type Activities

Special services

Special services programs had operating revenues of \$28,513 and operating expenses of \$32,355, resulting in a net loss of \$3,842 for fiscal year 2017.

Governmental Activities

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

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/17	06/30/16	06/30/17	06/30/16
Instruction	\$ 3,818,809	\$ 3,144,073	\$ 562,599	\$ 227,414
Support Services				
Student & Instructional				
Related Services	1,192,910	1,126,684	855,027	708,892
General & Business Administration	746,449	599,850	746,449	600,168
School Administration	419,797	385,320	419,797	385,512
Plant Operations & Maintenance	733,833	765,388	732,694	765,388
Pupil Transportation	17,891	12,200	17,891	12,200
Interest and other charges	37,934	40,725	37,934	37,934
Special Schools	488,787	460,654	97,522	135,800
Customized Training	32,355	49,321	3,842	25,582
	<u>\$ 7,488,765</u>	<u>\$ 6,584,215</u>	<u>\$ 3,473,755</u>	<u>\$ 2,898,890</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 services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Maintenance and operation of facilities activities involve the rental of the facilities, cost of utilities, and maintaining equipment in effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school activities and field trips.

The District's Revenues

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. Revenues came primarily from four sources: tax levy, tuition, state aid, and federal and state grants. The major source of operating revenue, about 72.62% continues to be from local sources including tax levy, outside tuition, and miscellaneous revenues. State aid and federal aid represents about 27.38% of the total revenues.

The following schedule represents a summary of the revenues of the General and Special Revenue Funds for the fiscal year ended June 30, 2017.

Revenue	Amount	Percent of Total
Local sources	\$ 5,063,472	72.62%
State sources	1,850,155	26.53%
Federal sources	58,906	0.85%
Total	\$ 6,972,533	100.00%

The District's Expenditures

The following schedule represents a summary of General Fund and Special Revenue Fund, expenditures for the fiscal year ended June 30, 2017.

Expenditures	Amount	Percent of Total
Current:		
Instruction	\$ 2,647,843	42.38%
Undistributed expenditures	2,954,296	47.29%
Capital Outlay	173,171	2.77%
Interest and Other Charges	37,934	0.61%
Adult Vocational	434,143	6.95%
Total	\$ 6,247,387	100.00%

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

General Fund Budgeting Highlights

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

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

During the course of fiscal year 2017, the School District amended its General Fund budget as needed. The School district uses program based budgeting and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the general Fund, budget basis revenue and other financing sources was \$395,229, over the original budgeted estimates of \$5,520,624. This difference was due primarily to additional tuition revenue and miscellaneous revenues.

Capital Assets

Table 4 provides a summary of the School District's capital assets net of depreciation at 6/30/17 with a comparison to 6/30/16.

Table 4
Capital Assets (Net of Depreciation)

	06/30/17	06/30/16	Variance	
			Dollars	Percent
Land	\$ 1,129,855	\$ 1,129,855	\$ -	-
Construction in Progress	772,472	772,472	-	-
Buildings & Improvements	8,111,029	8,360,377	(249,348)	-2.98%
Furniture & Equipment	636,743	551,368	102,117	15.48%
Vehicles	16,742	19,534	(19,534)	-14.29%
	<u>\$10,666,841</u>	<u>\$10,833,606</u>	<u>\$ (166,765)</u>	<u>-1.54%</u>

For the Future

Space is still the dominant problem facing HCVSD. Initiating new and emerging programs to meet the need of a changing economy present tremendous challenges in terms of space and revenue. For the past six years and again for the 2016-17 school year, HCVSD has kept the local tax levy at reasonable increases. As the district increases program offerings to meet occupational demands, so does the need to increase space and revenues to support those programs.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
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HCVSD board members and administration continue to move ahead for the betterment of vocational education in the county and continue to find ways to expand and improve programs while trying to conserve funds. The district had the fortunate opportunity to expand program offerings of offering full-time academies with the use of start-up grant funds. Other new programs with minimal overhead costs included partnerships with sending districts and allowing students to attend Raritan Valley Community College as part of their studies.

HCVSD continues to stay abreast of all the current educational trends such as implementing a new evaluation system to help improve instruction for all students and specific technology training for educators that will enable teachers to implement technology into their programs. By keeping up-to-date in program operations and delivery, it will best prepare students for post-secondary opportunities.

Contacting the School District

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

DISTRICT-WIDE FINANCIAL STATEMENTS

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 1,423,058	\$ 398,439	\$ 1,821,497
Receivables, net	199,181	-	199,181
Other assets	10,000	-	10,000
Restricted assets		-	-
Capital reserve - cash	2,522,034	-	2,522,034
Maintenance reserve - cash	440,100	-	440,100
Capital projects - cash	47	-	47
Capital assets, net			
Land	1,129,855	-	1,129,855
Capital assets not being depreciated	772,472	-	772,472
Other capital assets, net of depreciation	8,764,514	-	8,764,514
Total assets	<u>15,261,261</u>	<u>398,439</u>	<u>15,659,700</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>748,675</u>	-	<u>748,675</u>
Liabilities			
Accounts payable	14,373	-	14,373
Unearned revenue	51,009	225	51,234
Long-term liabilities			
Due beyond one year	<u>2,949,921</u>	-	<u>2,949,921</u>
Total liabilities	<u>3,015,303</u>	<u>225</u>	<u>3,015,528</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>187,629</u>	-	<u>187,629</u>
Net position			
Net investment in capital assets	10,666,841	-	10,666,841
Restricted for			
Capital reserve	2,522,034	-	2,522,034
Maintenance reserve	440,100	-	440,100
Capital projects	47	-	47
Unrestricted	<u>(822,018)</u>	<u>398,214</u>	<u>(423,804)</u>
Total net position	<u>\$ 12,807,004</u>	<u>\$ 398,214</u>	<u>\$ 13,205,218</u>

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,535,852	\$ 1,097,816	\$ 2,930,460	\$ 325,750	\$ -	\$ (377,458)	\$ -	\$ (377,458)
Special education	62,630	64,842	-	-	-	(127,472)	-	(127,472)
Other instruction	49,361	8,308	-	-	-	(57,669)	-	(57,669)
Support services								
Students & instruction related services	961,802	231,108	-	337,883	-	(855,027)	-	(855,027)
General & business administration services	576,301	170,148	-	-	-	(746,449)	-	(746,449)
School administration services	284,566	135,231	-	-	-	(419,797)	-	(419,797)
Plant operations & maintenance	724,056	9,777	1,139	-	-	(732,694)	-	(732,694)
Pupil transportation	15,099	2,792	-	-	-	(17,891)	-	(17,891)
Special schools	434,143	54,644	391,265	-	-	(97,522)	-	(97,522)
Interest on long-term debt	37,934	-	-	-	-	(37,934)	-	(37,934)
Total governmental activities	<u>5,681,744</u>	<u>1,774,666</u>	<u>3,322,864</u>	<u>663,633</u>	<u>-</u>	<u>(3,469,913)</u>	<u>-</u>	<u>(3,469,913)</u>
Business-type activities								
Special services	32,355	-	28,513	-	-	-	(3,842)	(3,842)
Total business-type activities	<u>32,355</u>	<u>-</u>	<u>28,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,842)</u>	<u>(3,842)</u>
Total primary government	<u>\$ 5,714,099</u>	<u>\$ 1,774,666</u>	<u>\$ 3,351,377</u>	<u>\$ 663,633</u>	<u>\$ -</u>	<u>(3,469,913)</u>	<u>(3,842)</u>	<u>(3,473,755)</u>
			General revenues, special items & transfers					
			County taxes levied for general purposes			1,613,641	-	1,613,641
			Federal & State aid not restricted			2,144,208	-	2,144,208
			Investment earnings			20,071	-	20,071
			Miscellaneous income			25,994	-	25,994
			Total general revenues, special items & transfers			<u>3,803,914</u>	<u>-</u>	<u>3,803,914</u>
			Change in net position			334,001	(3,842)	330,159
			Net position - beginning			12,473,003	402,056	12,875,059
			Net position - ending			<u>\$ 12,807,004</u>	<u>\$ 398,214</u>	<u>\$ 13,205,218</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2017

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
Assets				
Cash & cash equivalents	\$ 1,423,058	\$ -	\$ -	\$ 1,423,058
Due from other funds	165,707	18	-	165,725
Receivables from other governments				
State	71	147,173	-	147,244
Federal	8,200	-	-	8,200
Other	22,734	21,003	-	43,737
Security deposit	10,000	-	-	10,000
Restricted cash & cash equivalents	2,962,134	-	47	2,962,181
Total assets	\$ 4,591,904	\$ 168,194	\$ 47	\$ 4,760,145
Liabilities and fund balances				
Liabilities				
Due to other funds	\$ 18	\$ 165,707	\$ -	\$ 165,725
Accounts payable	11,886	2,487	-	14,373
Unearned revenue	51,009	-	-	51,009
Total liabilities	62,913	168,194	-	231,107

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2017

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
Liabilities and fund balances				
Fund balances				
Restricted fund balance				
Capital projects fund balance	\$ -	\$ -	\$ 47	\$ 47
Excess surplus - designated for subsequent year's expenditures	850,639	-	-	850,639
Excess surplus - current year	433,142	-	-	433,142
Capital reserve	2,522,034	-	-	2,522,034
Maintenance reserve	440,100	-	-	440,100
Committed fund balance				
Encumbrances	23,565	-	-	23,565
Assigned fund balance				
Designated for subsequent year's expenditures	33,593	-	-	33,593
Unassigned fund balance	225,918	-	-	225,918
Total fund balances	4,528,991	-	47	4,529,038
 Total liabilities and fund balances	 \$ 4,591,904	 \$ 168,194	 \$ 47	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$14,060,189 and the accumulated depreciation is \$3,393,348. 10,666,841

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. 561,046

Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds. (2,949,921)

Total net position of governmental activities \$ 12,807,004

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Local sources				
County tax levy	\$ 1,613,641	\$ -	\$ -	\$ 1,613,641
Tuition charges				
Individuals	391,265	-	-	391,265
Other LEAs	2,930,460	-	-	2,930,460
Interest on investments	20,071	-	-	20,071
Rents and royalties	1,139	-	-	1,139
Miscellaneous	25,994	80,902	-	106,896
	<u>4,982,570</u>	<u>80,902</u>	<u>-</u>	<u>5,063,472</u>
State sources	1,326,330	523,825	-	1,850,155
Federal sources	-	58,906	-	58,906
Total revenues	<u>6,308,900</u>	<u>663,633</u>	<u>-</u>	<u>6,972,533</u>
Expenditures				
Current				
Instructional				
Regular instruction	2,361,468	174,384	-	2,535,852
Special education instruction	62,630	-	-	62,630
Other instruction	49,361	-	-	49,361
Support service & undistributed costs				
Student & instruction related services	627,605	334,197	-	961,802
General & business administrative services	576,301	-	-	576,301
School administrative services	284,566	-	-	284,566
Plant operations & maintenance	724,056	-	-	724,056
Pupil transportation	15,099	-	-	15,099
Unallocated benefits	392,472	-	-	392,472

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Expenditures (cont'd)				
Capital outlay	\$ 18,119	\$ 155,052	\$ -	\$ 173,171
Debt service				
Interest & other charges	37,934	-	-	37,934
Special schools	434,143	-	-	434,143
Total expenditures	<u>5,583,754</u>	<u>663,633</u>	<u>-</u>	<u>6,247,387</u>
Excess (deficit) of revenues over (under) expenditures	<u>725,146</u>	<u>-</u>	<u>-</u>	<u>725,146</u>
Other financing sources (uses)				
Transfer in (out)	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Net change in fund balance	675,146	-	-	675,146
Fund balances, July 1	<u>3,853,845</u>	<u>-</u>	<u>47</u>	<u>3,853,892</u>
Fund balances, June 30	<u>\$ 4,528,991</u>	<u>\$ -</u>	<u>\$ 47</u>	<u>\$ 4,529,038</u>

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Total net changes in fund balances - governmental fund (from B-2) \$ 675,146

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

Capital outlays are reported in governmental funds as expenditures.

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

Capital outlays	\$ 173,171	
Depreciation expense	<u>(339,936)</u>	(166,765)

Governmental funds report District pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. (118,356)

In the Statement of Activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid the amount exceeds the earned amount, the difference is an addition to the reconciliation. (56,024)

Change in net position of governmental activities \$ 334,001

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2017

	Special Services
Assets	
Current assets	
Cash and cash equivalents	\$ 398,439
Total assets	398,439
Liabilities	
Unearned revenues	225
Total liabilities	225
Net position	
Unrestricted	398,214
Total net position	\$ 398,214

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	Special Services
Operating revenues	
Charges for services	
Program fees	\$ 28,513
Total operating revenues	28,513
Operating expenses	
Salaries	20,227
Support services - employee benefits	5,522
Supplies and materials	6,456
Miscellaneous expenditures	150
Total operating expenses	32,355
Change in net position	(3,842)
Net position, beginning	402,056
Net position, ending	\$ 398,214

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Special Services
Cash flows from operating activities	
Receipts from customers (net)	\$ 28,738
Payments to vendors (net)	(33,324)
Net cash provided by (used for) operating activities	(4,586)
Net increase (decrease) in cash and cash equivalents	(4,586)
Cash and cash equivalents, beginning	403,025
Cash and cash equivalents, ending	\$ 398,439
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (3,842)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Increase (decrease) in unearned revenue	225
Increase (decrease) in accounts payable	(969)
Net cash provided by (used for) operating activities	\$ (4,586)

See accompanying notes to financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2017

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and cash equivalents	\$ 60,035	\$ 19,699	\$ 207,401	\$ 69,393
Total assets	<u>\$ 60,035</u>	<u>\$ 19,699</u>	<u>\$ 207,401</u>	<u>\$ 69,393</u>
Liabilities				
Due to student groups	\$ -	\$ -	\$ 207,401	\$ -
Accounts payable	2,872	-	-	-
Summer pay	-	-	-	49,329
Flexible spending	-	-	-	3,057
Payroll deductions and withholdings	-	-	-	17,007
Total liabilities	<u>2,872</u>	<u>-</u>	<u>\$ 207,401</u>	<u>\$ 69,393</u>
Net position				
Held in trust for unemployment claims and other purposes	<u>\$ 57,163</u>	<u>\$ 19,699</u>		

See accompanying notes to financial statements.

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

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Total
Additions			
Contributions			
Employee contributions	\$ 4,042	\$ -	\$ 4,042
Awards and donations	-	200	200
Interest income	132	89	221
Total additions	<u>4,174</u>	<u>289</u>	<u>4,463</u>
Deductions			
Scholarship awards	-	890	890
Unemployment claims	48,757	-	48,757
Total deductions	<u>48,757</u>	<u>890</u>	<u>49,647</u>
Other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Change in net position	5,417	(601)	4,816
Net position, beginning of the year	<u>51,746</u>	<u>20,300</u>	<u>72,046</u>
Net position, end of the year	<u>\$ 57,163</u>	<u>\$ 19,699</u>	<u>\$ 76,862</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a component unit of the County of Hunterdon, established to function as an educational institution to provide vocational education to the students of Hunterdon County. The Board consists of five appointed members and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The District had an approximate enrollment at June 30, 2017 of 297 students.

B. Government-wide and fund financial statements

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

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

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

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

County taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

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

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

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

The District reports the following major governmental funds:

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

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Special Services Fund.

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

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

Equipment	12 Years
Light trucks & vehicles	4 Years
Heavy trucks & vehicles	6 Years

Fiduciary fund types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

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

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)
Fiduciary fund types (continued)

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

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

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. 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 must be approved by School Board Resolution. Budget amendments during the year ended June 30, 2017 were insignificant.

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

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

E. Encumbrances

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

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

E. Encumbrances (continued)

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

F. Tuition receivable

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

G. Short-term interfund receivable and payables

Short-term interfund receivables and payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

H. Inventories and prepaid items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

I. Capital assets

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

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

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Capital assets

Assets	Years
Buildings	50
Building improvements & portable classroom	50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10
Vehicles	5 - 10

J. Compensated absences

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

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

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

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

K. Unearned revenue

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

L. Long-term obligations

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

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

M. Net position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Fund balances - governmental funds

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

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Fund balances - governmental funds (continued)

- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

O. Comparative data/reclassifications

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

P. Allocation of indirect expenses

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

Q. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amount on pension activity. In addition to liabilities, the Statement of Net 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Deposits, cash equivalents, and investments

Cash and cash equivalents include petty cash, change funds, cash and certificates of deposit in banks. As of June 30, 2017, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

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

N.J.S.A. 17:9-41 e.t. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2017, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the Federal Deposit Insurance Corporation (FDIC)	\$ 250,000
Collateralized with securities held by pledging financial institutions	5,089,897
Total bank balances	\$ 5,339,897

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

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

Deposits at June 30, 2017 appear in the financial statements as summarized below:

Cash and cash equivalents		<u>\$ 5,140,206</u>
	<u>Ref.</u>	
Unrestricted cash and cash equivalents		
Governmental Funds, Balance Sheet	B-1	\$ 1,423,058
Enterprise Funds, Statement of Net Position	B-4	398,439
Fiduciary Funds, Statement of Net Position	B-7	356,528
Restricted cash and cash equivalents		
Governmental Funds, Balance Sheet	B-1	<u>2,962,181</u>
Total cash and cash equivalents		<u>\$ 5,140,206</u>

Note 3 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,129,855	\$ -	\$ -	\$ 1,129,855
Construction in progress	<u>772,472</u>	<u>-</u>	<u>-</u>	<u>772,472</u>
Total	<u>1,902,327</u>	<u>-</u>	<u>-</u>	<u>1,902,327</u>
Capital assets, being depreciated				
Land improvements	180,777	-	-	180,777
Building & improvements	10,692,763	-	-	10,692,763
Furniture & equipment	1,030,001	173,171	-	1,203,172
Buses & other vehicles	<u>81,150</u>	<u>-</u>	<u>-</u>	<u>81,150</u>
Total	<u>11,984,691</u>	<u>173,171</u>	<u>-</u>	<u>12,157,862</u>
Accumulated depreciation				
Land improvements	117,506	9,039	-	126,545
Building & improvements	2,395,657	240,309	-	2,635,966
Furniture & equipment	478,633	87,796	-	566,429
Buses & other vehicles	<u>61,616</u>	<u>2,792</u>	<u>-</u>	<u>64,408</u>
Total	<u>3,053,412</u>	<u>339,936</u>	<u>-</u>	<u>3,393,348</u>
Total capital assets, being depreciated, net	<u>8,931,279</u>	<u>(166,765)</u>	<u>-</u>	<u>8,764,514</u>
Governmental activities capital assets, net	<u>\$ 10,833,606</u>	<u>\$ (166,765)</u>	<u>\$ -</u>	<u>\$ 10,666,841</u>

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Capital assets (continued)

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

Instruction	\$ 173,753
Regular	4,291
Special education	3,382
Other instruction	65,902
Support services	39,487
Student & instruction	19,498
General & business administration	1,084
School administration	2,792
Plant maintenance	29,747
Transportation	29,747
Adult Education	29,747
Total depreciation expense, governmental activities	\$ 339,936

Note 4 - Long-term debt

Long-term liability activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences payable	\$ 515,854	\$ 56,024	\$ -	\$ 571,878	\$ -
PERS net pension liability	1,869,744	508,299	-	2,378,043	-
Total governmental activities long-term liabilities	\$ 2,385,598	\$ 564,323	\$ -	\$ 2,949,921	\$ -

Note 5 - Pension plans

Description of systems

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plans (continued)

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10-years of service, except for medical benefits, which vest after 25-years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plans (continued)

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

Allocation methodology and reconciliation to financial statements (continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2016 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2016.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the State fiscal year ended June 30, 2016. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

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

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plan (continued)

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

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2016:

	2016
Total pension liability	\$ 3,972,463
Plan fiduciary net position	1,594,420
Net pension liability	\$ 2,378,043

Plan fiduciary net position as a percentage of the total pension liability 40.14%

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.65%

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

The actuarial assumptions, used in the July 1, 2015 valuation, were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plan (continued)

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

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grad Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plan (continued)

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

Discount rate (continued)

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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2043, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's Proportionate Share of the Net Pension Liability</u>	2016
At current discount rate (3.98%)	\$ 2,378,043
At a 1% lower rate (2.98%)	2,914,014
At a 1% higher rate (4.98%)	1,935,553

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,224	\$ -
Changes of assumptions	492,604	-
Net difference between projected and actual earnings on pension plan investments	90,677	-
Changes in proportion and differences between District contributions and proportionate share of contributions	49,839	187,629
District contributions subsequent to the measurement date	71,331	-
Total	\$ 748,675	\$ 187,629

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plan (continued)

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

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

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) of \$71,331 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2016:

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Changes of assumptions and differences between expected and actual experience	\$ 236,564	\$ 427,682	\$ 127,418	\$ 536,828
Deferred inflows of resources				
Difference between projected and actual earnings on pension plan investments	(28,979)	133,515	13,859	90,677
Net of deferred outflows	\$ 207,585	\$ 561,197	\$ 141,277	\$ 627,505

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

<u>Year Ending June 30,</u>					
2017				\$	141,277
2018					141,277
2019					163,675
2020					137,510
2021					43,766
Total				\$	627,505

Pension expense

For the year ended June 30, 2017, the District recognized net pension expense of \$189,687, which represents the District's proportionate share of allocable plan pension expense of \$227,037, less the net amortization of deferred amounts from changes in proportion of \$37,632, and plus other adjustments to the net pension liability of \$282. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2016 are as follows:

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 -

Pension plan (continued)

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

Pension expense (continued)

Service cost	\$	77,608
Interest on total pension liability		169,447
Member contributions		(40,225)
Administrative expense		1,284
Expected investment return net of investment expense		(122,102)
Pension expense related to specific liabilities of individual employers		(253)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		116,047
Amortization of expected versus actual experience		11,372
Amortization of projected versus actual investment earnings on pension plan investments		13,859
Pension expense	\$	227,037

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

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after 10-years of service, except for medical benefits, which vest after 25-years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plan (continued)

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

Plan description (continued)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. During the State fiscal year ending June 30, 2016, the State of New Jersey contributed \$110,200 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plan (continued)

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

Components of net pension liability

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal year ending June 30, 2016 is as follows:

	2016
State's proportionate share of net pension liability	\$ 10,885,282
Employer pension expense and related revenue	817,878
Non-employer contribution	110,200
 Allocable proportionate percentage	 0.0138372760%

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ending June 30, 2016 are as follows:

Service cost	\$ 322,903
Interest on total pension liability	508,921
Member contributions	(104,917)
Administrative expense	1,896
Expected investment return net of investment expense	(260,544)
Pension expense related to specific liabilities of individual employers	(34)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	3,423
Amortization of expected versus actual experience	320,172
Amortization of projected versus actual investment earnings on pension plan investments	26,058
Pension expense	\$ 817,878

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plan (continued)

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

Collective net pension liability and actuarial information

As detailed earlier, the District was not required to report a liability for its proportionate share of net pension expense for TPAF due to a special funding situation. The State's proportionate share of the net pension liability for TPAF as of June 30, 2016 is as follows:

	2016
Total pension liability	\$ 14,014,395
Plan fiduciary net position	3,129,113
Net pension liability	\$ 10,885,282

Plan fiduciary net position as a percentage of the total pension liability	22.33%
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The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases (based on age)	
2012 - 2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

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

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

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	.50%	2.87%
Hedge Funds - Multi-Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 rate in the most recent State fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plan (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2016</u>
At current discount rate (3.22%)	\$ 10,885,282
At a 1% lower rate (2.22%)	12,999,460
At a 1% higher rate (4.22%)	9,158,784

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,300 in 2017) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ending 2017 was \$2,266.

D. Other pension plan information

During the year ended June 30, 2017, the State of New Jersey contributed \$123,017 to the TPAF for post-retirement medical benefits, \$5,162 for non-contributory insurance premiums, \$699 for long-term disability insurance, and \$142,477 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$104,709 during the year ended June 30, 2017 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Post-retirement benefits

Chapter 384 of PL 1987 and Ch. 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25-years of credited service or on a disability retirement. PL 2007, Ch. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees eligible for post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Ch. 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch. 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25-years of service. In fiscal year 2016, the State paid \$231.2 million toward Ch. 126 benefits for 20,045 eligible retired members.

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

Plan Description - The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under 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 SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The School District adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 by visiting their website at (www.nj.gov/treasury/pensions).

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Deferred compensation

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

Metlife
 Variable Annuity Life Insurance Co.
 AXA Equitable

Note 8 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2017 is as follows:

	Receivable	Payable
General Fund	\$ 165,707	\$ 18
Special Revenue	18	165,707
	\$ 165,725	\$ 165,725

The balance due from the General Fund to the Special Revenue Fund of \$18 represents expenditures to be reimbursed by the General Fund. The balance due from the Special Revenue Fund of \$165,707 due to the General Fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

Note 9 - Contingent liabilities

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

Amounts received or are receivables from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 10 - Risk management

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

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

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

<u>Fiscal Year</u>	<u>Board Contrib.</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016 - 2017	\$ 50,000	\$ 132	\$ 4,042	\$ 48,757	\$ 57,163
2015 - 2016	-	189	4,445	8,704	51,746
2014 - 2015	15,500	206	4,632	20,570	55,816

Note 11 - Legal reserve accounts

A Capital Reserve Account was established by the District for the accumulation of funds for use as Capital Outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - Legal reserve accounts (continued)

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$693,653 to their Maintenance Reserve Account by Board Resolution in June 2017 as summarized in the following schedule. The following schedule is a summarization of the Legal Reserve Accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 1,822,026	\$ 693,653	\$ 6,355	\$ -	\$ -	\$ 2,522,034
Maintenance	440,100	-	-	-	-	440,100
Total	<u>\$ 2,262,126</u>	<u>\$ 693,653</u>	<u>\$ 6,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,962,134</u>

Note 12 - Fund balances - budgetary basis

As described in Note 1 (N), fund balance may be restricted, committed or assigned. An analysis of the General fund balance on June 30, 2017 is as follows:

	<u>2017</u>
Restricted	
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	\$ 433,142
Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	850,639
Capital Reserve Account - Represents funds restricted to capital projects in the Districts long range facilities plan.	2,522,034
Maintenance Reserve Account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	440,100
Committed	
Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	23,565
Assigned	
Designated surplus - Designated for Subsequent Year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	33,593
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	315,461
Total fund balance	<u>\$ 4,618,534</u>

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$433,142.

Note 14 - Subsequent events

The District has evaluated subsequent events through November 28, 2017, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

Note 15 - Recent accounting pronouncements not yet effective

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report and which are expected to have a material impact on the District's financial reporting:

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement, which is effective for reporting periods beginning after June 15, 2017, is expected to have a material impact on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "*Leases*". This statement, which is effective for reporting periods beginning after June 15, 2019, is expected to have a material impact on the District's financial reporting.

Note 16 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2017 of (\$822,018) on Schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
County tax levy	\$ 1,613,641	\$ -	\$ 1,613,641	\$ 1,613,641	\$ -
Other Tuition	285,000	-	285,000	391,265	106,265
Tuition from other LEAs within the state	2,683,700	182,600	2,866,300	2,930,460	64,160
Rents and royalties	-	-	-	1,139	1,139
Unrestricted miscellaneous revenues	-	-	-	39,710	39,710
Interest earned on capital reserve funds	5,000	-	5,000	6,355	1,355
Total	4,587,341	182,600	4,769,941	4,982,570	212,629
State sources					
Categorical special education aid	132,571	-	132,571	132,571	-
Equalization aid	241,040	-	241,040	241,040	-
Categorical security aid	17,448	-	17,448	17,448	-
Adjustment aid	535,424	-	535,424	535,424	-
PARCC readiness aid	2,080	-	2,080	2,080	-
Per pupil growth aid	2,080	-	2,080	2,080	-
Professional learning community aid	2,640	-	2,640	2,640	-
TPAF pension (on-behalf)	-	-	-	147,639	147,639
TPAF Social Security (reimbursed)	-	-	-	104,709	104,709
TPAF post retirement benefits	-	-	-	123,017	123,017
TPAF long-term disability insurance	-	-	-	699	699
Total	933,283	-	933,283	1,309,347	376,064
Total revenues	\$ 5,520,624	\$ 182,600	\$ 5,703,224	\$ 6,291,917	\$ 588,693
EXPENDITURES					
Current					
Instruction - regular program					
Other purchased services	\$ 380,970	\$ (380,970)	\$ -	\$ -	\$ -
Total	380,970	(380,970)	-	-	-
Regular vocational programs - instruction					
Salaries of teachers	1,053,406	(25,595)	1,027,811	992,935	34,876
Other salaries for instruction	34,921	-	34,921	34,921	-
Unused vacation payment to terminated/retired staff	16,409	(16,409)	-	-	-
Purchased professional educational services	238,141	529,745	767,886	702,845	65,041
Purchased technical services	88,384	-	88,384	59,218	29,166
Other purchased services	117,550	9,163	126,713	98,663	28,050
General supplies	135,821	10,694	146,515	137,478	9,037
Textbooks	28,650	(8,866)	19,784	17,922	1,862
Other objects	10,950	(509)	10,441	1,221	9,220
Total	1,724,232	498,223	2,222,455	2,045,203	177,252
Special vocational programs - instruction					
Salaries of teachers	164,915	(2,615)	162,300	58,295	104,005
Other purchased services	1,500	(28)	1,472	-	1,472
General supplies	5,500	28	5,528	4,296	1,232
Other objects	1,000	-	1,000	39	961
Total	172,915	(2,615)	170,300	62,630	107,670

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
School-sponsored co/extra curricular activities - instruction					
Salaries	\$ 20,000	\$ 12,986	\$ 32,986	\$ 32,986	\$ -
Purchased services	1,300	948	2,248	1,948	300
Supplies and materials	1,000	756	1,756	1,756	-
Other objects	7,500	5,200	12,700	12,671	29
Total	<u>29,800</u>	<u>19,890</u>	<u>49,690</u>	<u>49,361</u>	<u>329</u>
Total instruction regular	<u>\$ 2,307,917</u>	<u>\$ 134,528</u>	<u>\$ 2,442,445</u>	<u>\$ 2,157,194</u>	<u>\$ 285,251</u>
Undistributed expenditures - attendance & social work					
Salaries	\$ 149,734	\$ 3,272	\$ 153,006	\$ 153,006	\$ -
Other purchased services	1,300	170	1,470	872	598
Supplies and materials	1,500	(742)	758	77	681
Other objects	10,000	(9,516)	484	440	44
Total	<u>162,534</u>	<u>(6,816)</u>	<u>155,718</u>	<u>154,395</u>	<u>1,323</u>
Undistributed expenditures - health services					
Purchased professional and technical services	30,600	4,975	35,575	35,575	-
Other purchased services	360	-	360	194	166
Supplies and materials	5,440	(3,439)	2,001	2,001	-
Total	<u>36,400</u>	<u>1,536</u>	<u>37,936</u>	<u>37,770</u>	<u>166</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	69,937	15,000	84,937	84,937	-
Purchased professional educational services	-	1,498	1,498	1,498	-
Other purchased services	1,400	15,497	16,897	16,332	565
Supplies and materials	6,500	1,989	8,489	8,489	-
Total	<u>77,837</u>	<u>33,984</u>	<u>111,821</u>	<u>111,256</u>	<u>565</u>
Undistributed expenditures - improvement of instr. service					
Salaries of supervisor of instruction	99,542	(18,665)	80,877	54,127	26,750
Salaries of secretarial & clerical assist	44,014	674	44,688	42,809	1,879
Salaries of facilitators, math & literacy coaches	50,000	3,000	53,000	-	53,000
Other purchased professional & technical services	2,000	-	2,000	875	1,125
Other purchased services	5,100	(984)	4,116	1,410	2,706
Supplies and materials	2,000	(1,562)	438	-	438
Other objects	4,000	(2,500)	1,500	1,496	4
Total	<u>206,656</u>	<u>(20,037)</u>	<u>186,619</u>	<u>100,717</u>	<u>85,902</u>
Undistributed expenditures - edu. media service/sch. library					
Purchased professional and technical services	83,000	(8,197)	74,803	74,803	-
Supplies and materials	18,000	11,941	29,941	19,932	10,009
Other objects	7,000	(3,100)	3,900	3,805	95
Total	<u>108,000</u>	<u>644</u>	<u>108,644</u>	<u>98,540</u>	<u>10,104</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - instructional staff training services					
Other purchased services	\$ 2,000	\$ -	\$ 2,000	\$ 990	\$ 1,010
Supplies and materials	1,500	(242)	1,258	610	648
Other objects	500	-	500	-	500
Total	4,000	(242)	3,758	1,600	2,158
Undistributed expend. - support service - general admin.					
Salaries	219,944	-	219,944	219,944	-
Legal services	16,000	(10,274)	5,726	4,531	1,195
Audit fees	18,200	(200)	18,000	18,000	-
Architectural/engineering services	-	51,518	51,518	35,018	16,500
Other purchased professional services	5,500	1,686	7,186	7,186	-
Purchased technical services	1,500	205	1,705	1,705	-
Communications/Telephone	13,090	(4,721)	8,369	8,369	-
BOE other purchased services	18,400	(753)	17,647	16,416	1,231
Misc purch services	14,500	(3,124)	11,376	10,167	1,209
General supplies	15,000	(6,218)	8,782	8,346	436
BOE in-house training/meeting supplies	1,000	(120)	880	-	880
Judgments against the school district	-	25,596	25,596	25,596	-
Miscellaneous expenditures	17,000	-	17,000	16,415	585
BOE membership dues and fees	500	-	500	-	500
Total	340,634	53,595	394,229	371,693	22,536
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	130,789	1,715	132,504	132,504	-
Salaries of other professional staff	68,688	(1,715)	66,973	56,943	10,030
Salaries of secretarial and clerical assistants	5,170	1,007	6,177	6,039	138
Other salaries	3,000	(1,000)	2,000	2,000	-
Purchased professional and technical services	9,700	(7)	9,693	1,934	7,759
Other purchased services	21,950	-	21,950	4,717	17,233
Supplies and materials	10,250	-	10,250	4,359	5,891
Other objects	2,350	-	2,350	1,475	875
Total	251,897	-	251,897	209,971	41,926
Undistributed expenditures - central services					
Salaries	77,500	(24,000)	53,500	39,075	14,425
Purchased professional services	82,845	25,854	108,699	104,519	4,180
Purchased technical services	1,500	-	1,500	945	555
Miscellaneous purchased services	1,550	(1,000)	550	-	550
Supplies and materials	3,000	(854)	2,146	777	1,369
Other objects	500	-	500	25	475
Total	166,895	-	166,895	145,341	21,554
Undistributed expend. - required maint. for school facilities					
Salaries	34,874	(24,290)	10,584	7,716	2,868
Cleaning, repair, and maintenance services	60,100	(1,741)	58,359	54,617	3,742
General supplies	-	4,031	4,031	3,656	375
Total	94,974	(22,000)	72,974	65,989	6,985

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 67,986	\$ (67,986)	\$ -	\$ -	\$ -
Cleaning, repair, and maintenance service	75,550	105,100	180,650	170,391	10,259
Rental of land & bldg. other than lease purch agreement	344,920	(2,372)	342,548	296,241	46,307
Other purchased property services	7,100	1,448	8,548	7,931	617
Insurance	26,000	-	26,000	19,345	6,655
General supplies	25,000	-	25,000	8,967	16,033
Energy (natural gas)	70,000	(31,000)	39,000	30,906	8,094
Energy (electricity)	135,000	(32,071)	102,929	66,861	36,068
Energy (oil)	3,500	-	3,500	2,695	805
Total	755,056	(26,881)	728,175	603,337	124,838
Undistributed expenditures - security					
Salaries	28,495	4,071	32,566	32,566	-
Purchased professional and technical services	-	360	360	274	86
General supplies	1,000	-	1,000	240	760
Other objects	860	(360)	500	-	500
Total	30,355	4,071	34,426	33,080	1,346
Undistributed expenditures - student transportation service					
Salaries for pupil trans (other than between home & school)	5,000	-	5,000	5,000	-
Cleaning, repair, & maint. services	2,000	-	2,000	210	1,790
Contract service (oth. than between home & school) - vend	12,000	(130)	11,870	7,973	3,897
General supplies	1,500	130	1,630	1,616	14
Other objects	1,000	-	1,000	50	950
Total	21,500	-	21,500	14,849	6,651
Allocated benefits - employee benefits					
Vocational programs - instruction					
Social Security contributions	24,000	-	24,000	9,467	14,533
Other retirement contributions - PERS	8,700	3,939	12,639	7,097	5,542
Unemployment compensation	23,700	(3,939)	19,761	-	19,761
Workmen's compensation	23,700	-	23,700	18,455	5,245
Health benefits	393,750	(33,080)	360,670	281,246	79,424
Tuition reimbursement	2,500	-	2,500	-	2,500
Other employee benefits	3,000	-	3,000	-	3,000
Total	479,350	(33,080)	446,270	316,265	130,005
Attendance and social work services					
Social Security contributions	2,800	-	2,800	2,768	32
Other retirement contributions - PERS	4,525	-	4,525	4,288	237
Workmen's compensation	1,350	-	1,350	243	1,107
Health benefits	75,540	(67)	75,473	68,497	6,976
Tuition reimbursement	2,000	67	2,067	2,067	-
Total	86,215	-	86,215	77,863	8,352
Other supp services - guidance					
Social Security contributions	5,450	866	6,316	6,316	-
Workmen's compensation	630	-	630	-	630
Health benefits	36,351	(866)	35,485	28,825	6,660
Total	42,431	-	42,431	35,141	7,290

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Improvement of instruction services					
Social Security contributions	\$ 3,370	\$ -	\$ 3,370	\$ 1,467	\$ 1,903
Other retirement contributions - PERS	5,500	-	5,500	-	5,500
Workmen's compensation	1,300	-	1,300	1,300	-
Health benefits	23,135	-	23,135	7,556	15,579
Tuition reimbursement	2,500	-	2,500	-	2,500
Total	<u>35,805</u>	<u>-</u>	<u>35,805</u>	<u>10,323</u>	<u>25,482</u>
Support services - general administration					
Social Security contributions	5,000	-	5,000	4,961	39
Other retirement contributions - PERS	8,163	337	8,500	8,500	-
Workmen's compensation	2,000	-	2,000	2,000	-
Health benefits	43,109	(337)	42,772	32,796	9,976
Total	<u>58,272</u>	<u>-</u>	<u>58,272</u>	<u>48,257</u>	<u>10,015</u>
Support services - school administration					
Social Security contributions	5,255	-	5,255	5,018	237
Other retirement contributions - PERS	8,586	6,771	15,357	15,357	-
Workmen's compensation	1,795	-	1,795	1,587	208
Health benefits	33,268	26,309	59,577	52,633	6,944
Tuition reimbursement	3,000	-	3,000	-	3,000
Other employee benefits	800	-	800	-	800
Total	<u>52,704</u>	<u>33,080</u>	<u>85,784</u>	<u>74,595</u>	<u>11,189</u>
Support services - central services					
Social Security contributions	6,000	-	6,000	2,957	3,043
Other retirement contributions - PERS	16,950	-	16,950	7,145	9,805
Workmen's compensation	700	208	908	908	-
Health benefits	6,240	-	6,240	-	6,240
Other employee benefits	1,500	(208)	1,292	-	1,292
Total	<u>31,390</u>	<u>-</u>	<u>31,390</u>	<u>11,010</u>	<u>20,380</u>
Operation and maintenance of plant service					
Social Security contributions	9,955	-	9,955	3,464	6,491
Other retirement contributions - PERS	17,250	-	17,250	10,027	7,223
Workmen's compensation	5,350	-	5,350	5,350	-
Health benefits	39,000	(36,190)	2,810	2,809	1
Other employee benefits	5,000	-	5,000	-	5,000
Total	<u>76,555</u>	<u>(36,190)</u>	<u>40,365</u>	<u>21,650</u>	<u>18,715</u>
Student transportation services					
Social Security contributions	600	-	600	-	600
Other retirement contributions - PERS	625	-	625	-	625
Workmen's compensation	250	-	250	250	-
Total	<u>1,475</u>	<u>-</u>	<u>1,475</u>	<u>250</u>	<u>1,225</u>
Total allocated benefits - employees	<u>\$ 864,197</u>	<u>\$ (36,190)</u>	<u>\$ 828,007</u>	<u>\$ 595,354</u>	<u>\$ 232,653</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Unallocated benefits - employee benefits					
Unused sick payment to terminated/retired staff	\$ -	\$ 16,408	\$ 16,408	\$ 16,408	\$ -
Total	<u>-</u>	<u>16,408</u>	<u>16,408</u>	<u>16,408</u>	<u>-</u>
On-behalf TPAF pension contribution	-	-	-	147,639	(147,639)
On-behalf TPAF post retirement medical benefits	-	-	-	123,017	(123,017)
On-behalf TPAF long-term Disability Insurance	-	-	-	699	(699)
Reimbursed TPAF Social Security contribution	-	-	-	104,709	(104,709)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,064</u>	<u>(376,064)</u>
Total undistributed expenditures	<u>\$ 3,120,935</u>	<u>\$ (1,928)</u>	<u>\$ 3,119,007</u>	<u>\$ 2,936,364</u>	<u>\$ 182,643</u>
Total current	<u>\$ 5,428,852</u>	<u>\$ 132,600</u>	<u>\$ 5,561,452</u>	<u>\$ 5,093,558</u>	<u>\$ 467,894</u>
Capital outlay					
Equipment					
Vocational programs					
Vocational programs - regular programs	\$ 40,000	\$ -	\$ 40,000	\$ 18,119	\$ 21,881
Total equipment	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>18,119</u>	<u>21,881</u>
Facilities acquisition and construction service					
Assessment for debt service on SDA funding	37,934	-	37,934	37,934	-
Total facilities acquisition and construction service	<u>37,934</u>	<u>-</u>	<u>37,934</u>	<u>37,934</u>	<u>-</u>
Total capital outlay	<u>\$ 77,934</u>	<u>\$ -</u>	<u>\$ 77,934</u>	<u>\$ 56,053</u>	<u>\$ 21,881</u>
Special schools					
Vocational evening-local-instruction					
Salaries of teachers	\$ 175,000	\$ (10,836)	\$ 164,164	\$ 160,381	\$ 3,783
Purchased professional and technical services	12,000	(7,958)	4,042	1,468	2,574
Other purchased services	2,950	584	3,534	2,534	1,000
General supplies	39,000	4,983	43,983	28,207	15,776
Textbooks	25,000	(10,133)	14,867	12,081	2,786
Other objects	6,000	-	6,000	75	5,925
Total	<u>259,950</u>	<u>(23,360)</u>	<u>236,590</u>	<u>204,746</u>	<u>31,844</u>
Vocational evening-local-support serv.					
Salaries	170,967	10,950	181,917	90,351	91,566
Personal services - employee benefits	79,860	6,950	86,810	86,240	570
Purchased professional and technical services	7,700	305	8,005	6,908	1,097
Other purchased services	40,250	4,146	44,396	41,857	2,539
Supplies and materials	3,500	1,009	4,509	3,641	868
Other objects	1,200	-	1,200	400	800
Total	<u>303,477</u>	<u>23,360</u>	<u>326,837</u>	<u>229,397</u>	<u>97,440</u>
Total special schools	<u>\$ 563,427</u>	<u>\$ -</u>	<u>\$ 563,427</u>	<u>\$ 434,143</u>	<u>\$ 129,284</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (cont'd)					
Total expenditures	<u>\$ 6,070,213</u>	<u>\$ 132,600</u>	<u>\$ 6,202,813</u>	<u>\$ 5,583,754</u>	<u>\$ 619,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (549,589)</u>	<u>\$ 50,000</u>	<u>\$ (499,589)</u>	<u>\$ 708,163</u>	<u>\$ 1,207,752</u>
Other financing sources (uses)					
Operating transfer out					
Transfer to fiduciary fund - board contribution	-	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(549,589)	-	(549,589)	658,163	1,207,752
Fund balances, July 1	3,960,371	-	3,960,371	3,960,371	-
Fund balances, June 30	<u>\$ 3,410,782</u>	<u>\$ -</u>	<u>\$ 3,410,782</u>	<u>\$ 4,618,534</u>	<u>\$ 1,207,752</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (965)	\$ -	\$ (965)	\$ (965)	\$ -
Increase in capital reserve	-	693,653	693,653	693,653	-
Interest deposit to capital reserve	5,000	-	5,000	6,355	1,355
Budgeted fund balance	<u>(553,624)</u>	<u>(693,653)</u>	<u>(1,247,277)</u>	<u>(40,880)</u>	<u>1,206,397</u>
Total	<u>\$ (549,589)</u>	<u>\$ -</u>	<u>\$ (549,589)</u>	<u>\$ 658,163</u>	<u>\$ 1,207,752</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 850,639	
Excess surplus - current year				433,142	
Capital reserve				2,522,034	
Maintenance reserve				440,100	
Committed fund balance					
Year-end encumbrances				23,565	
Assigned fund balance					
Designated for subsequent year's expenditures				33,593	
Unassigned fund balance				<u>315,461</u>	
Fund balance per budgetary basis				4,618,534	
Reconciliation to governmental statements (GAAP)					
Last State aid payments not recognized on GAAP basis				<u>(89,543)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 4,528,991</u>	

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Federal sources	\$ 58,906	\$ -	\$ 58,906	\$ 58,906	\$ -
State sources	1,658,577	-	1,658,577	526,415	(1,132,162)
Local sources	80,902	-	80,902	80,902	-
Total revenues	\$ 1,798,385	\$ -	\$ 1,798,385	\$ 666,223	\$ (1,132,162)
Expenditures					
Instruction					
Salaries	\$ 52,840	\$ (1,400)	\$ 51,440	\$ 22,680	\$ 28,760
Other purchased services	8,955	(1,800)	7,155	2,283	4,872
Supplies	375,919	5,356	381,275	122,251	259,024
Textbooks	6,400	-	6,400	3,100	3,300
Other objects	33,000	1,800	34,800	4,368	30,432
Total	477,114	3,956	481,070	154,682	326,388
Support services					
Salaries	254,776	1,906	256,682	133,915	122,767
Employee benefits	35,361	(506)	34,855	22,022	12,833
Purchased professional educational services	645,306	-	645,306	129,785	515,521
Other purchased professional services	7,400	(1,200)	6,200	6,200	-
Purchased professional and technical services	37,272	-	37,272	16,517	20,755
Other purchased services	33,498	5,795	39,293	23,622	15,671
Supplies	56,221	(114)	56,107	21,853	34,254
Other objects	7,901	(5,326)	2,575	2,575	-
Total	1,077,735	555	1,078,290	356,489	721,801
Capital outlay					
Instructional equipment	183,096	(4,511)	178,585	155,052	23,533
Non-instructional equipment	60,440	-	60,440	-	60,440
Total	243,536	(4,511)	239,025	155,052	83,973
Total expenditures	\$ 1,798,385	\$ -	\$ 1,798,385	\$ 666,223	\$ 1,132,162

See independent auditors' report.

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

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 6,291,917	\$ 666,223
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances prior year	-	277
Outstanding encumbrances current year	-	(2,867)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	106,526	-
State aid receivable current year	(89,543)	-
Total revenues (GAAP Basis)	<u>\$ 6,308,900</u>	<u>\$ 663,633</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 5,583,754	\$ 666,223
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances prior year	-	277
Outstanding encumbrances current year	-	(2,867)
Total expenditures (GAAP Basis)	<u>\$ 5,583,754</u>	<u>\$ 663,633</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) - percentage	N/A	0.0080292826%	0.0083292254%	0.0079311189%	0.9290231900%	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 2,378,043	\$ 1,869,744	\$ 1,484,922	\$ 1,775,548	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	627,714	531,819	532,069	536,849	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	378.84%	351.58%	279.08%	330.74%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	40.14%	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A

N/A - Not Applicable

See independent auditors' report.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 71,331	\$ 71,609	\$ 65,383	\$ 70,000	\$ 66,882	\$ 50,190	\$ 43,304	\$ 34,790	\$ 38,415	\$ 24,980
Contributions in relation to the contractually required contribution	(71,331)	(71,609)	(65,383)	(70,000)	(66,882)	(50,190)	(43,304)	(34,790)	(38,415)	(24,980)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 515,922	\$ 627,714	\$ 531,819	\$ 532,069	\$ 536,849	\$ 519,615	\$ 520,000	\$ 410,188	\$ 381,780	\$ 394,335
Contributions as a percentage of covered employee payroll	13.83%	11.41%	12.29%	13.16%	12.46%	9.66%	8.33%	8.48%	10.06%	6.33%

See independent auditors' report.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	N/A	10,885,282	8,420,469	7,692,234	7,931,977	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 10,885,282	\$ 8,420,469	\$ 7,692,234	\$ 7,931,977	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 1,467,889	\$ 1,391,968	\$ 1,362,171	\$ 1,231,182	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	22.33%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A	N/A

N/A - Not Applicable

See independent auditors' report.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 147,639	\$ 110,787	\$ 72,027	\$ 60,886	\$ 101,414	\$ 54,687	\$ 5,617	\$ 6,110	\$ 5,908	\$ 141,528
Contributions in relation to the contractually required contribution	(147,639)	(110,787)	(72,027)	(60,886)	(101,414)	(54,687)	(5,617)	(6,110)	(5,908)	(141,528)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 1,402,475	\$ 1,467,889	\$ 1,391,968	\$ 1,362,171	\$ 1,231,182	\$ 1,310,220	\$ 1,439,127	\$ 1,658,543	\$ 1,696,572	\$ 1,713,900
Contributions as a percentage of covered employee payroll	10.53%	7.55%	5.17%	4.47%	8.24%	4.17%	0.39%	0.37%	0.35%	8.26%

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2017

Note 1 - Special funding situation - TPAF

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

Note 2 - Changes in assumptions - TPAF

The discount rate decreased from 4.13% in State fiscal year 2015 to 3.22% in State fiscal year 2016. The inflation rate was 2.50% for State fiscal years 2015 and 2016.

Note 3 - Changes in assumptions - PERS

The discount rate decreased from 4.90% in State fiscal year 2015 to 3.98% in State fiscal year 2016. The inflation rate increased from 3.04% for State fiscal year 2015 to 3.08% for State fiscal year 2016.

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Youth Community Outreach	NJ LWD County Apprenticeship	Youth Transitions to Work	County Vocational			Perkins			NJ Build	Ingersoll Rand Foundation	NCLB Title IA	NCLB Title IIA	Total
				Biomedical Partnership	Computers	Environment Partnership	Post Secondary	Post Secondary	Secondary Reserve					
Revenues														
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,092	\$ 15,552	\$ -	\$ -	\$ 6,093	\$ 3,169	\$ 58,906
State sources	-	25,000	8,398	212,989	102,958	2,945	92,482	-	-	81,643	-	-	-	526,415
Local sources	80,000	-	-	-	-	-	-	-	-	-	902	-	-	80,902
Total revenues	<u>\$ 80,000</u>	<u>\$ 25,000</u>	<u>\$ 8,398</u>	<u>\$ 212,989</u>	<u>\$ 102,958</u>	<u>\$ 2,945</u>	<u>\$ 92,482</u>	<u>\$ 34,092</u>	<u>\$ 15,552</u>	<u>\$ 81,643</u>	<u>\$ 902</u>	<u>\$ 6,093</u>	<u>\$ 3,169</u>	<u>\$ 666,223</u>
Expenditures														
Instruction														
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,440	\$ -	\$ 21,240	\$ -	\$ -	\$ -	\$ 22,680
Other purchased services	-	-	-	-	2,283	-	-	-	-	-	-	-	-	2,283
Supplies	-	-	252	39,979	12,540	104	26,001	8,319	4,599	24,364	-	6,093	-	122,251
Textbooks	-	-	-	-	-	-	-	-	-	3,100	-	-	-	3,100
Other objects	-	-	-	2,368	2,000	-	-	-	-	-	-	-	-	4,368
Total	<u>-</u>	<u>-</u>	<u>252</u>	<u>42,347</u>	<u>16,823</u>	<u>104</u>	<u>26,001</u>	<u>9,759</u>	<u>4,599</u>	<u>48,704</u>	<u>-</u>	<u>6,093</u>	<u>-</u>	<u>154,682</u>
Support services														
Salaries	43,280	17,400	5,520	18,350	20,495	-	-	1,000	-	27,870	-	-	-	133,915
Employee benefits	13,464	1,315	422	1,404	1,475	-	-	187	-	3,755	-	-	-	22,022
Purchased professional educational services	-	-	-	69,456	57,529	2,800	-	-	-	-	-	-	-	129,785
Other purchased professional services	-	-	-	-	-	-	6,200	-	-	-	-	-	-	6,200
Purchased professional and technical services	-	-	-	8,400	5,117	-	-	-	-	-	-	-	3,000	16,517
Other purchased services	8,296	419	1,804	374	1,275	-	3,533	6,963	-	958	-	-	-	23,622
Supplies	13,000	5,866	400	347	244	41	926	504	-	356	-	-	169	21,853
Other objects	1,960	-	-	-	-	-	-	615	-	-	-	-	-	2,575
Total	<u>80,000</u>	<u>25,000</u>	<u>8,146</u>	<u>98,331</u>	<u>86,135</u>	<u>2,841</u>	<u>10,659</u>	<u>9,269</u>	<u>-</u>	<u>32,939</u>	<u>-</u>	<u>-</u>	<u>3,169</u>	<u>356,489</u>
Capital outlay														
Instructional equipment	-	-	-	72,311	-	-	55,822	15,064	10,953	-	902	-	-	155,052
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,311</u>	<u>-</u>	<u>-</u>	<u>55,822</u>	<u>15,064</u>	<u>10,953</u>	<u>-</u>	<u>902</u>	<u>-</u>	<u>-</u>	<u>155,052</u>
Total expenditures	<u>\$ 80,000</u>	<u>\$ 25,000</u>	<u>\$ 8,398</u>	<u>\$ 212,989</u>	<u>\$ 102,958</u>	<u>\$ 2,945</u>	<u>\$ 92,482</u>	<u>\$ 34,092</u>	<u>\$ 15,552</u>	<u>\$ 81,643</u>	<u>\$ 902</u>	<u>\$ 6,093</u>	<u>\$ 3,169</u>	<u>\$ 666,223</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2017

Description	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Appropriations 06/30/17
			Prior Years	Current Year	
Electrical service/lighting Controls/PA system	4/23/2015	\$ 772,519	\$ 772,472	\$ -	\$ 47
		<u>\$ 772,519</u>	<u>\$ 772,472</u>	<u>\$ -</u>	<u>\$ 47</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

Revenues and other financing sources		
Operating transfer - capital reserve	\$	-
Total revenues		-
Expenditures and other financing sources		
Operating transfer - capital reserve		-
Total expenditures		-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses		-
Net position - beginning		47
Net position - ending	\$	47

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Electrical Service/Lighting Controls/PA System
For the Fiscal Year Ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Operating transfer - capital reserve	\$ 472,311	\$ -	\$ 472,311	\$ 472,311
State sources				
School development authority grant	300,208	-	300,208	300,208
Total revenues	<u>772,519</u>	<u>-</u>	<u>772,519</u>	<u>772,519</u>
Expenditures and other financing uses				
Purchased professional services	64,528	-	64,528	64,824
Construction services	707,944	-	707,944	707,648
Transfer to other funds	-	-	-	47
Total expenditures	<u>772,472</u>	<u>-</u>	<u>772,472</u>	<u>772,519</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 47</u>	<u>\$ -</u>

Additional Project Information

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

See independent auditors' report.

PROPRIETARY FUND

DETAIL STATEMENTS

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Enterprise Fund
Statement of Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Special Services</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 398,439
Total assets	<u>398,439</u>
Liabilities	
Unearned revenues	225
Total liabilities	<u>225</u>
Net position	
Unrestricted	<u>398,214</u>
Total net position	<u><u>\$ 398,214</u></u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	Special Services
Operating revenues	
Charges for services	
Program fees	\$ 28,513
Total operating revenues	28,513
Operating expenses	
Salaries	20,227
Support services - employee benefits	5,522
Supplies and materials	6,456
Miscellaneous expenditures	150
Total operating expenses	32,355
Change in net position	(3,842)
Net position, beginning	402,056
Net position, ending	\$ 398,214

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Special Services
Cash flows from operating activities	
Receipts from customers	\$ 28,738
Payments to vendors (net)	(33,324)
Net cash provided by (used for) operating activities	(4,586)
Net increase (decrease) in cash and cash equivalents	(4,586)
Cash and cash equivalents, July 1	403,025
Cash and cash equivalents, June 30	\$ 398,439
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (3,842)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Increase (decrease) in unearned revenues	225
Increase (decrease) in accounts payable	(969)
Net cash provided by (used for) operating activities	\$ (4,586)

See independent auditors' report.

FIDUCIARY FUND

DETAIL STATEMENTS

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Position
June 30, 2017

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets					
Cash and cash equivalents	\$ 60,035	\$ 19,699	\$ 207,401	\$ 69,393	\$ 356,528
Total assets	\$ 60,035	\$ 19,699	\$ 207,401	\$ 69,393	\$ 356,528
Liabilities					
Due to student groups	\$ -	\$ -	\$ 207,401	\$ -	\$ 207,401
Accounts payable	2,872	-	-	-	2,872
Summer pay	-	-	-	49,329	49,329
Flexible spending	-	-	-	3,057	3,057
Payroll deductions and withholdings	-	-	-	17,007	17,007
Total liabilities	2,872	-	207,401	69,393	279,666
Net position					
Held in trust for unemployment claims and other purposes	\$ 57,163	\$ 19,699	\$ -	\$ -	\$ 76,862

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Net Position
June 30, 2017

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Total
Additions			
Contributions			
Employee withholdings	\$ 4,042	\$ -	\$ 4,042
Awards and donations	-	200	200
Interest income	132	89	221
Total additions	<u>4,174</u>	<u>289</u>	<u>4,463</u>
Deductions			
Scholarship awards	-	890	890
Unemployment claims	48,757	-	48,757
Total deductions	<u>48,757</u>	<u>890</u>	<u>49,647</u>
Other financing sources (uses)	<u>50,000</u>	-	<u>50,000</u>
Change in net position	5,417	(601)	4,816
Net position, beginning of the year	<u>51,746</u>	<u>20,300</u>	<u>72,046</u>
Net position, end of the year	<u>\$ 57,163</u>	<u>\$ 19,699</u>	<u>\$ 76,862</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Assets				
Cash and cash equivalents	\$ 189,799	\$ 128,031	\$ 110,429	\$ 207,401
Total assets	\$ 189,799	\$ 128,031	\$ 110,429	\$ 207,401
Liabilities				
Hunterdon Central Campus	\$ 40,534	\$ 53,196	\$ 44,297	\$ 49,433
Bartle's Corner Campus	137,082	56,479	63,738	129,823
Culinary arts	10,763	18,351	2,394	26,720
Marketing account	1,420	5	-	1,425
Total liabilities	\$ 189,799	\$ 128,031	\$ 110,429	\$ 207,401

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HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Assets				
Cash and cash equivalents	\$ 70,754	\$ 2,719,120	\$ 2,720,481	\$ 69,393
Total assets	\$ 70,754	\$ 2,719,120	\$ 2,720,481	\$ 69,393
Liabilities				
Summer pay	\$ 64,722	\$ 49,335	\$ 64,728	\$ 49,329
Flexible spending	3,470	1,410	1,823	3,057
Payroll deductions and withholdings	2,562	1,175,307	1,160,862	17,007
Net payroll	-	1,493,068	1,493,068	-
Total liabilities	\$ 70,754	\$ 2,719,120	\$ 2,720,481	\$ 69,393

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

(NOT APPLICABLE TO THIS REPORT)

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
This schedule contains trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6
DEMOGRAPHIC AND ECONOMIC INFORMATION	
This schedule offers demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-7
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-8 to J-11
Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.	

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Government activities										
Net investment in capital assets	\$ 11,789,666	\$ 11,575,589	\$ 11,364,335	\$ 11,064,040	\$ 10,827,852	\$ 10,599,330	\$ 10,364,814	\$ 10,134,842	\$ 10,833,606	\$ 10,666,841
Restricted	561,260	672,875	675,039	647,375	901,225	1,403,829	1,907,619	2,537,456	2,262,173	2,962,181
Unrestricted	893,493	682,463	515,299	936,188	1,093,737	1,089,099	(1,068,097)	(1,067,619)	(622,776)	(822,018)
Total governmental activities	<u>\$ 13,244,419</u>	<u>\$ 12,930,927</u>	<u>\$ 12,554,673</u>	<u>\$ 12,647,603</u>	<u>\$ 12,822,814</u>	<u>\$ 13,092,258</u>	<u>\$ 11,204,336</u>	<u>\$ 11,604,679</u>	<u>\$ 12,473,003</u>	<u>\$ 12,807,004</u>
Business-type activities										
Unrestricted	\$ 419,139	\$ 482,313	\$ 440,945	\$ 422,869	\$ 453,708	\$ 439,219	\$ 433,719	\$ 427,638	\$ 402,056	\$ 398,214
Total business-type activities	<u>\$ 419,139</u>	<u>\$ 482,313</u>	<u>\$ 440,945</u>	<u>\$ 422,869</u>	<u>\$ 453,708</u>	<u>\$ 439,219</u>	<u>\$ 433,719</u>	<u>\$ 427,638</u>	<u>\$ 402,056</u>	<u>\$ 398,214</u>
District-wide										
Net investment in capital assets	\$ 11,789,666	\$ 11,575,589	\$ 11,364,335	\$ 11,064,040	\$ 10,827,852	\$ 10,599,330	\$ 10,364,814	\$ 10,134,842	\$ 10,833,606	\$ 10,666,841
Restricted	561,260	672,875	675,039	647,375	901,225	1,403,829	1,907,619	2,537,456	2,262,173	2,962,181
Unrestricted	1,312,632	1,164,776	956,244	1,359,057	1,547,445	1,528,318	(634,378)	(639,981)	(220,720)	(423,804)
Total district-wide	<u>\$ 13,663,558</u>	<u>\$ 13,413,240</u>	<u>\$ 12,995,618</u>	<u>\$ 13,070,472</u>	<u>\$ 13,276,522</u>	<u>\$ 13,531,477</u>	<u>\$ 11,638,055</u>	<u>\$ 12,032,317</u>	<u>\$ 12,875,059</u>	<u>\$ 13,205,218</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Vocational education	\$ 2,225,999	\$ 2,251,446	\$ 2,218,999	\$ 2,221,863	\$ 2,321,325	\$ 2,082,488	\$ 2,369,806	\$ 2,816,213	\$ 3,096,664	\$ 3,761,140
Other instruction	36,138	51,363	23,223	25,204	40,021	39,418	43,366	33,784	47,409	57,669
Support services										
Student & instruction related services	642,065	809,308	828,593	656,797	591,881	673,562	944,489	873,426	1,126,684	1,192,910
General & business administrative services	588,508	653,357	607,792	587,085	575,863	637,242	685,691	623,530	599,850	746,449
School administration	284,535	185,964	199,553	210,065	301,017	300,474	340,249	342,646	385,320	419,797
Plant operations & maintenance	788,016	720,901	753,658	681,217	672,771	660,480	753,556	825,958	765,388	733,833
Pupil transportation	24,772	29,424	24,533	24,497	19,047	16,462	21,935	17,062	14,991	17,891
Interest and other debt charges	-	-	-	47,529	27,640	37,934	37,934	37,934	37,934	37,934
Special schools	495,097	513,559	460,587	425,601	471,636	477,368	544,346	500,115	460,654	488,787
Total governmental activities expenses	<u>5,085,130</u>	<u>5,215,322</u>	<u>5,116,938</u>	<u>4,879,858</u>	<u>5,021,201</u>	<u>4,925,428</u>	<u>5,741,372</u>	<u>6,070,668</u>	<u>6,534,894</u>	<u>7,456,410</u>
Business-type activities										
Special services	236,055	253,086	48,608	265,846	230,932	234,416	18,438	43,321	49,321	32,355
Total business-type activities	<u>236,055</u>	<u>253,086</u>	<u>48,608</u>	<u>265,846</u>	<u>230,932</u>	<u>234,416</u>	<u>18,438</u>	<u>43,321</u>	<u>49,321</u>	<u>32,355</u>
Total district expenses	<u>\$ 5,321,185</u>	<u>\$ 5,468,408</u>	<u>\$ 5,165,546</u>	<u>\$ 5,145,704</u>	<u>\$ 5,252,133</u>	<u>\$ 5,159,844</u>	<u>\$ 5,759,810</u>	<u>\$ 6,113,989</u>	<u>\$ 6,584,215</u>	<u>\$ 7,488,765</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program revenues										
Governmental activities										
Charges for services	\$ 1,707,986	\$ 1,649,513	\$ 1,817,082	\$ 2,112,051	\$ 2,186,689	\$ 2,035,062	\$ 2,365,917	\$ 2,593,739	\$ 3,022,636	\$ 3,322,864
Operating grants & contributions	283,552	506,749	494,030	323,628	340,553	364,725	441,442	361,928	638,950	663,633
Total governmental activities program revenues	<u>1,991,538</u>	<u>2,156,262</u>	<u>2,311,112</u>	<u>2,435,679</u>	<u>2,527,242</u>	<u>2,399,787</u>	<u>2,807,359</u>	<u>2,955,667</u>	<u>3,661,586</u>	<u>3,986,497</u>
Business-type activities										
Charges for services										
Special services	321,442	316,260	7,240	247,770	261,771	219,927	12,938	37,240	23,739	28,513
Total business-type activities program revenues	<u>321,442</u>	<u>316,260</u>	<u>7,240</u>	<u>247,770</u>	<u>261,771</u>	<u>219,927</u>	<u>12,938</u>	<u>37,240</u>	<u>23,739</u>	<u>28,513</u>
Total district - program revenues	<u>\$ 2,312,980</u>	<u>\$ 2,472,522</u>	<u>\$ 2,318,352</u>	<u>\$ 2,683,449</u>	<u>\$ 2,789,013</u>	<u>\$ 2,619,714</u>	<u>\$ 2,820,297</u>	<u>\$ 2,992,907</u>	<u>\$ 3,685,325</u>	<u>\$ 4,015,010</u>
Net (expense) revenues										
Governmental activities	\$ (3,093,592)	\$ (3,059,060)	\$ (2,805,826)	\$ (2,444,179)	\$ (2,493,959)	\$ (2,525,641)	\$ (2,934,013)	\$ (3,115,001)	\$ (2,873,308)	\$ (3,469,913)
Business-type activities	85,387	63,174	(41,368)	(18,076)	30,839	(14,489)	(5,500)	(6,081)	(25,582)	(3,842)
Total district-wide net expenses	<u>\$ (3,008,205)</u>	<u>\$ (2,995,886)</u>	<u>\$ (2,847,194)</u>	<u>\$ (2,462,255)</u>	<u>\$ (2,463,120)</u>	<u>\$ (2,540,130)</u>	<u>\$ (2,939,513)</u>	<u>\$ (3,121,082)</u>	<u>\$ (2,898,890)</u>	<u>\$ (3,473,755)</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General revenues & other changes in net position										
Governmental activities										
County taxes levied for general purposes, net	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,520,579	\$ 1,550,979	\$ 1,582,001	\$ 1,613,641
Unrestricted grants & contributions	1,396,206	1,245,821	950,744	1,076,462	1,196,567	1,238,248	1,203,807	1,637,854	1,952,665	2,144,208
County of Hunterdon contribution - financing of capital projects	-	-	-	(14,819)	-	-	-	-	-	-
Investment earnings	78,553	20,417	6,954	2,803	17,472	11,310	12,462	13,055	5,589	20,071
Capital grants deobligated	-	-	-	-	-	-	-	300,208	-	-
Miscellaneous income	9,728	31,156	23,700	24,489	6,957	97,353	15,158	13,248	14,830	25,994
Gain (loss) on sale of capital assets	-	-	-	-	-	-	(367)	-	-	-
Special item - insurance proceeds	-	-	-	-	-	-	-	-	99,432	-
Total governmental activities	<u>2,932,661</u>	<u>2,745,568</u>	<u>2,429,572</u>	<u>2,537,109</u>	<u>2,669,170</u>	<u>2,795,085</u>	<u>2,751,639</u>	<u>3,515,344</u>	<u>3,654,517</u>	<u>3,803,914</u>
Total district-wide	<u>\$ 2,932,661</u>	<u>\$ 2,745,568</u>	<u>\$ 2,429,572</u>	<u>\$ 2,537,109</u>	<u>\$ 2,669,170</u>	<u>\$ 2,795,085</u>	<u>\$ 2,751,639</u>	<u>\$ 3,515,344</u>	<u>\$ 3,654,517</u>	<u>\$ 3,803,914</u>
Change in net position										
Governmental activities	\$ (160,931)	\$ (313,492)	\$ (376,254)	\$ 92,930	\$ 175,211	\$ 269,444	\$ (182,374)	\$ 400,343	\$ 781,209	\$ 334,001
Business-type activities	<u>85,387</u>	<u>63,174</u>	<u>(41,368)</u>	<u>(18,076)</u>	<u>30,839</u>	<u>(14,489)</u>	<u>(5,500)</u>	<u>(6,081)</u>	<u>(25,582)</u>	<u>(3,842)</u>
Total district	<u>\$ (75,544)</u>	<u>\$ (250,318)</u>	<u>\$ (417,622)</u>	<u>\$ 74,854</u>	<u>\$ 206,050</u>	<u>\$ 254,955</u>	<u>\$ (187,874)</u>	<u>\$ 394,262</u>	<u>\$ 755,627</u>	<u>\$ 330,159</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Restricted	\$ 1,078,261	\$ 1,098,093	\$ 1,096,559	\$ 1,310,252	\$ 1,866,747	\$ 2,421,401	\$ 2,660,806	\$ 2,396,202	\$ 3,406,978	\$ 4,245,915
Committed	240,586	218,133	74,213	204,288	165,262	132,220	101,217	25,329	965	23,565
Assigned	235,000	200,000	166,000	175,095	127,747	108,515	125,000	362,088	259,411	33,593
Unassigned	209,848	151,863	146,711	174,075	162,714	161,137	185,381	220,871	186,491	225,918
Total general fund	<u>\$ 1,763,695</u>	<u>\$ 1,668,089</u>	<u>\$ 1,483,483</u>	<u>\$ 1,863,710</u>	<u>\$ 2,322,470</u>	<u>\$ 2,823,273</u>	<u>\$ 3,072,404</u>	<u>\$ 3,004,490</u>	<u>\$ 3,853,845</u>	<u>\$ 4,528,991</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 28,178	\$ 29,061	\$ 28,959	\$ -	\$ -	\$ -	\$ -	\$ 698,919	\$ 47	\$ 47
Total all other governmental funds	<u>\$ 28,178</u>	<u>\$ 29,061</u>	<u>\$ 28,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,919</u>	<u>\$ 47</u>	<u>\$ 47</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
County tax levy	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,520,579	\$ 1,550,979	\$ 1,582,001	\$ 1,613,641
Tuition charges	1,707,986	1,649,513	1,817,082	2,112,051	2,186,689	2,031,562	1,930,521	2,591,174	3,022,636	3,321,725
Interest earnings	78,553	20,417	6,954	2,803	17,472	11,310	12,462	13,055	5,589	20,071
Miscellaneous	15,728	46,156	29,700	29,349	8,952	202,916	531,562	97,650	201,644	108,035
State sources	1,447,192	1,286,592	1,003,063	1,198,220	1,421,405	1,458,565	1,492,498	1,759,636	1,848,314	1,850,155
Federal sources	226,566	465,978	435,711	197,010	113,720	42,345	53,508	44,603	42,342	58,906
Total revenues	4,924,199	4,916,830	4,740,684	4,987,607	5,196,412	5,194,872	5,541,130	6,057,097	6,702,526	6,972,533
Expenditures										
Instruction										
Vocational education	1,365,014	1,344,510	1,371,507	1,420,374	1,444,486	1,326,025	1,571,671	1,704,837	1,861,581	2,107,833
Other instruction	32,636	44,064	20,963	24,573	36,104	23,981	40,761	31,243	44,054	49,361
Support services										
Student & instruction related services	309,144	369,656	358,572	291,255	273,859	286,526	414,191	400,425	429,317	504,278
General administration	290,320	348,459	302,552	306,637	279,922	302,312	342,303	305,018	298,867	371,693
School administration services	198,591	136,062	149,449	152,417	184,756	206,338	232,579	227,751	256,000	209,971
Central services/business	150,292	144,255	154,283	144,336	148,640	164,837	161,354	148,329	123,321	145,341
Plant operations & maintenance	755,309	686,789	712,615	638,323	625,950	609,790	691,453	774,969	714,078	702,406
Pupil transportation	22,203	23,926	18,977	17,504	14,470	12,188	15,782	14,076	12,090	14,849
Employee benefits	607,083	534,013	607,212	619,517	604,741	547,990	527,221	560,839	616,554	611,762
On-behalf TPAF pension & Social Security contribution	377,254	267,295	251,384	241,494	271,816	313,342	277,324	293,713	352,609	376,064
Special schools - vocational evening	427,359	451,658	409,053	370,636	406,267	416,281	451,058	456,292	434,751	434,143
Capital outlay	189,887	143,866	74,795	9,135	78,448	81,800	86,926	57,138	11,065	18,119
Capital projects	8,788	10,251	-	14,162	-	-	-	51,600	720,872	-
Special revenue funds	283,552	506,749	494,030	323,628	340,553	364,725	441,442	361,928	638,950	663,633
Interest & other charges	-	-	-	47,529	27,640	37,934	37,934	37,934	37,934	37,934
Total expenditures	5,017,432	5,011,553	4,925,392	4,621,520	4,737,652	4,694,069	5,291,999	5,426,092	6,552,043	6,247,387

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess (deficiency) of revenues over (under) expenditures	\$ (93,233)	\$ (94,723)	\$ (184,708)	\$ 366,087	\$ 458,760	\$ 500,803	\$ 249,131	\$ 631,005	\$ 150,483	\$ 725,146
Other financing sources (uses)										
Transfer in (out)	-	-	-	-	-	-	-	-	-	(50,000)
County of Hunterdon contribution - financing of capital projects	-	-	-	(14,819)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(14,819)	-	-	-	-	-	(50,000)
Net change in fund balances	<u>\$ (93,233)</u>	<u>\$ (94,723)</u>	<u>\$ (184,708)</u>	<u>\$ 351,268</u>	<u>\$ 458,760</u>	<u>\$ 500,803</u>	<u>\$ 249,131</u>	<u>\$ 631,005</u>	<u>\$ 150,483</u>	<u>\$ 675,146</u>
Total non-capital expenditures	<u>\$ 4,818,757</u>	<u>\$ 4,857,436</u>	<u>\$ 4,850,597</u>	<u>\$ 4,550,694</u>	<u>\$ 4,631,564</u>	<u>\$ 4,574,335</u>	<u>\$ 5,167,139</u>	<u>\$ 5,279,420</u>	<u>\$ 5,782,172</u>	<u>\$ 6,191,334</u>

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tuition	\$ 1,707,986	\$ 1,649,513	\$ 1,817,082	\$ 2,112,051	\$ 2,186,689	\$ 2,031,562	\$ 2,271,525	\$ 2,591,174	\$ 3,022,636	\$ 3,321,725
Interest income	74,508	20,237	6,876	2,781	17,472	11,310	12,462	13,055	14,221	20,071
Prior year refunds	712	18,189	1,941	23,980	6,322	96	660	4,266	2,600	7,353
E-rate	4,339	3,070	4,465	-	-	6,050	8,328	2,769	-	8,200
Parking permits	-	-	-	-	-	-	-	-	-	1,255
Accounts payable canceled	2,036	3,361	4,449	91	-	89,755	-	-	-	-
Outstanding checks canceled	157	-	-	-	-	352	-	-	-	-
Close out old payroll account	484	-	-	-	-	-	-	-	-	-
Miscellaneous grants	-	-	-	-	-	-	4,650	-	-	-
Certified nurse assistant program	-	-	-	-	-	-	4,750	-	-	-
Community college culinary program	-	-	-	-	-	-	62,407	-	-	-
Miscellaneous other	-	-	-	-	266	-	2,520	3,689	-	9,186
Contributions	-	-	-	-	-	-	2,500	-	-	-
Fund 20 adjustment	-	1,092	281	193	-	-	-	-	-	-
Joint insurance fund - surplus refund	-	-	1,394	-	-	-	-	-	3,548	-
Energy audit	-	-	11,170	-	-	-	-	-	-	-
Use of facilities	-	-	-	225	-	3,500	4,500	2,565	50	1,139
New Jersey anti-bullying aid	-	-	-	-	369	-	-	-	-	-
Sale of scrap metal	-	1,944	-	-	-	-	-	-	-	-
Sale of surplus equipment & materials	2,000	3,500	-	-	-	1,100	1,000	2,524	-	-
Annual totals	\$ 1,792,222	\$ 1,700,906	\$ 1,847,658	\$ 2,139,321	\$ 2,211,118	\$ 2,143,725	\$ 2,375,302	\$ 2,620,042	\$ 3,043,055	\$ 3,368,929

Source: District Records

See independent auditors' report.

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

Assesment Year	Net Assessed Values	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
2008	\$ 21,503,544,053	\$ 25,037,350,092	85.89%
2009	21,247,162,048	24,133,730,532	88.04%
2010	20,942,758,664	23,830,261,322	87.88%
2011	20,609,364,312	22,905,127,300	89.98%
2012	20,189,729,633	21,861,660,765	92.35%
2013	19,761,317,631	21,222,096,541	93.12%
2014	19,518,056,941	20,723,794,815	94.18%
2015	19,487,429,897	20,824,335,500	93.58%
2016	19,538,546,087	21,116,031,164	92.53%
2017	19,621,663,233	21,416,455,893	91.62%

Source: Abstract of Ratables, County Board of Taxation

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2008	129,806	\$ 8,963,883,136	\$ 69,056	3.8%
2009	130,034	8,573,141,620	65,930	6.8%
2010	127,357	8,458,669,869	66,417	7.0%
2011	127,228	8,943,237,804	70,293	6.9%
2012	126,492	9,439,086,024	74,622	7.1%
2013	126,221	9,385,541,118	74,358	5.9%
2014	125,762	9,802,393,328	77,944	4.7%
2015	125,390	10,126,371,010	80,759	4.1%
2016	124,676	N/A	N/A	3.8%
2017	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function/Program										
Instruction	20.0	23.0	24.0	21.0	17.7	17.0	16.0	15.6	17.2	17.6
Health services										
Students & related services	4.1	5.2	5.0	2.9	3.6	3.6	7.0	6.0	6.0	6.5
General administration	1.9	2.0	2.2	2.3	1.8	1.8	2.0	2.0	1.8	1.8
School administration services	2.2	1.2	3.0	1.5	1.9	1.9	2.0	2.0	2.7	2.7
Business office	2.2	2.2	2.7	2.1	2.1	2.1	3.0	2.3	1.5	1.0
Other support staff	2.0	2.4	2.5	2.1	2.6	2.6	3.0	4.2	1.0	1.0
Plant operations & maintenance	1.2	1.4	2.4	2.5	2.5	2.5	2.0	2.9	2.9	0.9
Pupil transportation	0.2	0.2	0.1	0.1	0.1	0.1	-	0.1	0.1	0.1
Total	<u>33.8</u>	<u>37.6</u>	<u>41.9</u>	<u>34.5</u>	<u>32.3</u>	<u>31.6</u>	<u>35.0</u>	<u>35.1</u>	<u>33.2</u>	<u>31.6</u>

Source: District Personnel Records

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Full Time Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	373.0	\$ 4,391,398	\$ 11,773	34.49%	17.0	1 to 21.95	373.0	350.9	-23.52%	94.08%
2009	507.1	4,405,776	8,688	-26.20%	20.0	1 to 25.36	507.1	473.0	35.95%	93.28%
2010	545.1	4,441,544	8,148	-6.22%	24.0	1 to 21.53	545.5	516.7	7.57%	94.72%
2011	503.8	4,180,058	8,297	1.83%	21.0	1 to 23.99	503.8	476.5	-7.64%	94.58%
2012	443.6	4,225,297	9,525	14.80%	17.7	1 to 25.07	443.6	416.8	-11.95%	93.96%
2013	411.0	4,158,054	10,117	6.21%	17.0	1 to 24.18	411.0	381.3	-7.35%	92.77%
2014 (d)	222.5	4,716,081	21,196	109.51%	17.0	1 to 13.08	222.5	211.4	-45.86%	95.01%
2015	243.1	4,823,128	19,840	-6.40%	15.6	1 to 13.39	243.1	231.7	9.26%	95.31%
2016	265.3	5,347,421	20,155	1.59%	17.5	1 to 27.48	265.3	252.5	9.14%	95.18%
2017	296.7	5,757,191	19,404	-3.73%	17.6	1 to 16.86	296.7	284.2	11.83%	95.79%

Source: District Records

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

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>Amount</u>	<u>Total</u>
2008	\$ 16,726	\$ 16,726
2009	49,188	49,188
2010	58,366	58,366
2011	43,460	43,460
2012	33,873	33,873
2013	39,685	39,685
2014	28,833	28,833
2015	55,622	55,622
2016	73,918	73,918
2017	65,989	65,989
Total school facilities	<u>\$ 465,660</u>	<u>\$ 465,660</u>

* School Facilities as Defined Under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

See independent auditor's report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
(UNAUDITED)**

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

Source: District Records

See independent auditors' report.



**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Hunterdon County Vocational School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 28, 2017.

Internal Control over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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


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

November 28, 2017
Flemington, New Jersey



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

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

Report on Compliance for Each Major State Program

We have audited the Hunterdon County Vocational School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular Letter 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2017. Hunterdon County Vocational School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Hunterdon County Vocational School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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



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

November 28, 2017
Flemington, New Jersey

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2017

Grantor/Program Title	Federal	FAIN	Project	Program	Grant		Balance	Carryover	Cash	Budgetary	Adjust-	Repayment	Balance June 30, 2017		
	CFDA			or Award	Period	of Prior Year						Accounts	Deferred	Due to	
	Number	Number	Number	Amount	From	To	06/30/16	Amount	Received	Expenditure	ment	Balance	Receivable	Revenue	Grantor
U.S. Department of Education passed through State Department of Education Special revenue fund															
NCLB Title I A	84.010A	S010S160030	NCLB-2308-17	\$ 6,093	07/01/16	06/30/17	\$ -	\$ -	\$ 6,093	\$ 6,093	\$ -	\$ -	\$ -	\$ -	\$ -
NCLB Title II A	84.367A	S367A160029	NCLB-2308-17	3,169	07/01/16	06/30/17	-	-	3,169	3,169	-	-	-	-	-
Carl D Perkins															
Secondary	84.048A	S048A160030	PERK-2308-17	34,092	07/01/16	06/30/17	-	-	34,092	34,092	-	-	-	-	-
Secondary - reserve	84.048A	S048A160030	PERK-2308-17	15,552	07/01/16	06/30/17	-	-	15,552	15,552	-	-	-	-	-
Total special revenue fund							<u>-</u>	<u>-</u>	<u>58,906</u>	<u>58,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total federal financial assistance							<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,906</u>	<u>\$ 58,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2017**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016			Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2017			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Accounts Receivable				Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure	
State Department of Education															
General fund															
Special education categorical aid	17-495-034-5120-089	\$ 132,571	07/01/16	06/30/17	\$ -	\$ -	\$ 119,852	\$ 132,571	\$ -	\$ -	\$ -	\$ -	\$ 12,719	\$ 132,571	
Equalization aid	17-495-034-5120-078	241,040	07/01/16	06/30/17	-	-	217,914	241,040	-	-	-	-	23,126	241,040	
Security aid	17-495-034-5120-084	17,448	07/01/16	06/30/17	-	-	15,774	17,448	-	-	-	-	1,674	17,448	
Adjustment aid	17-495-034-5120-085	535,424	07/01/16	06/30/17	-	-	484,053	535,424	-	-	-	-	51,371	535,424	
PARCC readiness aid	17-495-034-5120-098	2,080	07/01/16	06/30/17	-	-	1,880	2,080	-	-	-	-	200	2,080	
Per pupil growth aid	17-495-034-5120-097	2,080	07/01/16	06/30/17	-	-	1,880	2,080	-	-	-	-	200	2,080	
Professional learning community aid	17-495-034-5120-101	2,640	07/01/16	06/30/17	-	-	2,387	2,640	-	-	-	-	253	2,640	
On behalf TPAF pension contribution - teachers' pension & annuity fund	17-495-034-5094-002	142,477	07/01/16	06/30/17	-	-	142,477	142,477	-	-	-	-	-	142,477	
On behalf TPAF pension contribution - non-contributory insurance	17-495-034-5094-004	5,162	07/01/16	06/30/17	-	-	5,162	5,162	-	-	-	-	-	5,162	
On behalf TPAF pension contribution - post retirement medical	17-495-034-5094-001	123,017	07/01/16	06/30/17	-	-	123,017	123,017	-	-	-	-	-	123,017	
On behalf TPAF pension contribution - long-term disability insurance	17-495-034-5094-001	699	07/01/16	06/30/17	-	-	699	699	-	-	-	-	-	699	
Reimbursed TPAF Social Security contribution	17-495-034-5094-003	104,709	07/01/16	06/30/17	-	-	104,709	104,709	-	-	-	-	-	104,709	
Total general fund					-	-	1,219,804	1,309,347	-	-	-	-	89,543	1,309,347	
Special revenue fund															
Apprenticeship coordinator - Somerset	16-100-034-5062-032	9,500	07/01/15	06/30/16	(5,220)	-	5,220	-	-	-	-	-	-	9,500	
Apprenticeship coordinator - Somerset	17-100-034-5062-032	15,000	07/01/16	06/30/17	-	-	10,605	15,000	-	(4,395)	-	-	-	15,000	
Apprenticeship coordinator - Hunterdon	16-100-034-5062-032	6,750	07/01/15	06/30/16	(3,513)	-	3,513	-	-	-	-	-	-	6,750	
Apprenticeship coordinator - Hunterdon	17-100-034-5062-032	10,000	07/01/16	06/30/17	-	-	8,993	10,000	-	(1,007)	-	-	-	10,000	
County vocational comp - computers	15E00147	590,096	04/01/15	06/30/18	(15,167)	-	30,085	102,958	-	(88,040)	-	-	-	283,674	
County vocational comp - biomedical	16E00140	600,000	03/01/16	06/30/19	(6,684)	-	190,121	212,989	-	(29,552)	-	-	-	219,673	
County vocational comp - environment	17VE02G06	330,000	04/15/17	06/30/20	-	-	-	2,945	-	(2,945)	-	-	-	2,945	
Perkins postsecondary	17-100-034-5062-032	92,482	07/01/16	06/30/17	-	-	88,675	92,482	-	(3,807)	-	-	-	102,551	
NJBUILD incarcerated women in construction	NJBInc-1601	200,000	06/30/16	06/29/18	-	-	61,348	81,643	-	(20,295)	-	-	-	71,248	
Youth transition to work partnership (Dept of Labor & Workforce Development)	16-100-034-5062-032	68,000	09/01/15	08/31/16	(13,708)	-	22,106	8,398	-	-	-	-	-	56,023	
					(44,292)	-	420,666	526,415	-	(150,041)	-	-	-	777,364	
Capital projects fund															
NJ School development authority															
Electrical service/lighting															
Controls/PA System	2308-050-14-G3AV	300,208	04/23/15	06/30/16	(270,187)	-	270,187	-	-	-	-	-	-	300,208	
Total capital projects fund					(270,187)	-	270,187	-	-	-	-	-	-	300,208	
Total state financial assistance					\$ (314,479)	\$ -	\$ 1,910,657	1,835,762	\$ -	\$ (150,041)	\$ -	\$ -	\$ 89,543	\$ 2,386,919	
Less: On behalf TPAF pension system contributions								(271,355)							
Total for state financial assistance - major program determination								\$ 1,564,407							

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
June 30, 2017

Note 1 - General

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

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. This basis of accounting is described in Notes 1 (C) and 1 (D) to the Board's financial statements.

Note 3 - Relationship of financial statements

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

The General Fund is presented in the accompanying Schedules on the modified accrual basis with the exception of the revenue recognition of the last State Aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch. 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the State deferred and recording of the last State Aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying Schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$16,983 for the General Fund and \$2,590 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
June 30, 2017

Note 3 - Relationship of financial statements (continued)

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

	Federal	State	Total
General Fund	\$ -	\$ 1,326,330	\$ 1,326,330
Special Revenue Fund	58,906	523,825	582,731
	\$ 58,906	\$ 1,850,155	\$ 1,909,061

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 under the USDA Commodities Program represent 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, 2017. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2017.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs?

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)?

Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

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

Did the auditee qualify as a low-risk auditee?

Yes No

**Hunterdon County Vocational School District
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2017**

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

State Awards

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

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

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? ___ Yes X No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<i>17-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>17-495-034-5120-078</i>	<i>Equalization Aid</i>
<i>17-495-034-5120-084</i>	<i>Security Aid</i>
<i>17-495-034-5120-085</i>	<i>Adjustment Aid</i>
<i>17-495-034-5120-097</i>	<i>Per Pupil Growth Aid</i>
<i>17-495-034-5120-098</i>	<i>PARCC Readiness Aid</i>
<i>17-495-034-5120-101</i>	<i>Professional Learning Community Aid</i>
 <i>16E00140</i>	 <i>County Vocational Comp - Biomedical</i>

**Hunterdon County Vocational School District
Schedule of Findings and Questioned Costs - Section II and III
For the Fiscal Year Ended June 30, 2017**

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2017.

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

There were no findings or questioned costs for the year ended June 30, 2017.

**Hunterdon County Vocational School District
Summary Schedule of Prior-year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2017**

Status of Prior Year Findings

There were no prior year findings or questioned costs.