

**HUNTERDON COUNTY VOCATIONAL  
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**JUNE 30, 2019**

**Responsibility of the Management of  
Hunterdon County Vocational School District  
Hunterdon County, New Jersey**



Certified Public Accountants, PC

# HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

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# HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT

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**Dr. Todd G. Bonsall, Ed.D., Superintendent**  
**Corinne Steinmetz, Business Administrator**  
**District Board Office**  
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December 2, 2019

Honorable President and  
Members of the Board of Education  
Hunterdon County Vocational School District  
Flemington, NJ 09822

Dear Board Members:

The comprehensive annual financial report of the Hunterdon County Vocational Board School District (HCVSD) for the fiscal year ended June 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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: introduction, financial, statistical and single audit. The introduction section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report of 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 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 nine through twelve.

**2. GRANTS:** During the 2018-19 school year the District was successful in obtaining grants to develop and implement vocational programs and services. Grants included:

Apprenticeship Coordinator (Hunterdon & Somerset Counties)- \$26,500

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 fifth 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.

County Vocational School District Partnership Grant: Cohort #1; \$590,000

The County Vocational School District Partnership Grant was 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 first 39-month grant awards in 2015 from the New Jersey Department of Education (NJDOE) to develop the district's first four-year, full-time CTE program in computer science. This past school year was the last year that the Computer Science and Software Engineering Academy was funded. The academy was partnered with Delaware Valley Regional High School District (DVRHSD) utilizing the Project Lead the Way (PLTW) Computer Science four-year curriculum as the foundation. Beginning in September 2015, the first freshmen class had 34 students enrolled with continued enrollment since then. The first graduating class from the academy was in June 2019. The program focuses on dual college credits, related industry credentials, internships 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. As mutually agreed-upon, DVRHSD had started their own academy, however allowing students currently enrolled in the academy to remain at DVRHSD and being taught by HCVSD instructors. While the program phases out at DVRHSD over the next several years, a new HCVSD academy has simultaneously started at Voorhees High School in Glen Gardner, NJ.

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

In 2016, a second grant opportunity through the NJDOE was offered. The district was approved for another 39-month grant award. This second grant focused on developing and implementing a second four-year full-time CTE academy in biomedical sciences. Titled as the Biomedical Science Academy, the academy is partnered with North Hunterdon High School utilizing the Project Lead the Way (PLTW) Biomedical Sciences four-year curriculum as the foundation. The first freshmen class of 22 students started in September 2016 with the first graduating class to be in June 2020. Similar to the CSA, the program focuses on dual college credits, related industry credentials, internships 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; \$300,000

In 2017, a third 39-month NJDOE grant opportunity was awarded to HCVSD. This grant focused on developing and implementing a third four-year full-time Environmental Sustainability and Engineering Academy (ESEA) with an additional shared-time program option for junior and seniors. The Academy is partnered with Voorhees High School and held partially at Hunterdon County Educational Education Service Commission's 40 acre environmental and agriculture facility. The academy and program utilize the Curriculum for Agricultural Science Education (CASE). ESEA students will be able to earn college credits through HCVSD's partnerships with Raritan Valley Community College, Rowan College at Burlington County, Rutgers University, and Centenary University. Their first graduating class is scheduled for June 2021.

County Vocational School District Partnership Grant; Cohort \$500,000

During the spring of 2018, a fourth 39-month NJDOE Grant opportunity was awarded to HCVSD. The focus for this grant was to develop and implement a two-year shared-time Heavy Equipment Operators Program (HEOP). Being the first of its kind in New Jersey for high school students, the program was designed to provide students with hands-on training opportunities through the use of heavy equipment simulators. Students learned how to operate various pieces of construction equipment including backhoes, dozers and excavators. Hands-on training has been supplemented with classroom instruction from nationally recognized curricula, including blueprint reading, site preparation, job estimating, OSHA 10 certification and CDL training. HEOP has partnered with the International Union of Operating Engineers

Local 825. The program is in the process of offering articulation agreements with post-secondary institutions and apprenticeship options, providing students with multiple career pathways upon graduation. The first class began in September 2018 with 10 students. It is anticipated that second year will have an increase in enrollment including an adult education population.

ESSA Title 1A - \$7,145 and Title IIA - \$4,546 and Title IV \$10,000

ESSA funds were used for a variety of purchases. Funds were used to purchase instructional software to better implement technology in the classroom along with providing professional development in-service training for CTE teachers. In addition, funds were used for a paraprofessional for in-class support to assist students struggling with academics and for an English teacher to modify lessons for CTE teachers in order to improve the implementation of academics into their CTE program. Funds were also used to purchasing a counseling software program to help students with their post-secondary plans.

NJBuild \$300,000

Grant funds provided by the NJ Department of Labor and Workforce Development provided HSVSD Adult and Continuing Education with the ability to partner with Edna Mahan Correctional Facility for Women in Clinton, NJ. HCVSD's grant focused on providing hands-on and instructional training for women inmates in the areas of forklift training and the construction trades. For forklift training, a maximum of 60 inmates were provided with a 60-hour program using forklift simulators and classroom instruction. Participants completed the program with OSHA30 and Forklift Operators Certifications. For the construction program, 30 participants were selected to complete a 100-hour introduction to the construction trades using hands-on and classroom instruction. The students completed the program with their OSHA10 Certification and training in areas such as tiling, masonry, trim work, painting and carpentry. The construction program also an advance component for 15 participants, that included an additional 100 hours of training in furthering their skills in a selected construction field. Most of the grant funds were start-up costs including over \$200,000 for simulators and their required computers and for instructional supplies. The balance was used for personnel to administer and instruct the programs.

Perkins Secondary- \$35,465 Perkins Secondary Reserve - \$18,262

Perkins Secondary funds are used to enhance and expand secondary CTE programs. This year funds were used to purchase items to help retain and place non-traditional students and increase industry recognized credentials. The CTE programs addressing these standards included culinary arts, health sciences, cosmetology, law enforcement, construction and child development programs.

Perkins Post Secondary - \$94,295

Post-Secondary Perkins grant funds are used to enhance and expand post-secondary CTE programs. This year grant funds were used to update computers, revise and update the apprenticeship program curriculums, and to purchase new phlebotomy equipment and culinary arts instructional supplies.

Workforce Investment Board - \$80,000

The Greater Raritan Workforce Investment Board had once again offered a Youth Services grant program. This was the first of a three-year grant commitment. 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 total 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. The grant funds were used to hire an Outreach Community Specialist 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.

**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 principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

**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 BKC, CPAs, PC, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform

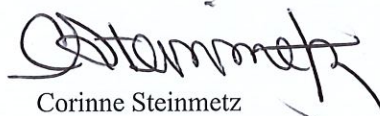
Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. The auditor's report on the general-purpose financial statements and schedules is included in the financial section of this report. The auditor's reports 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.

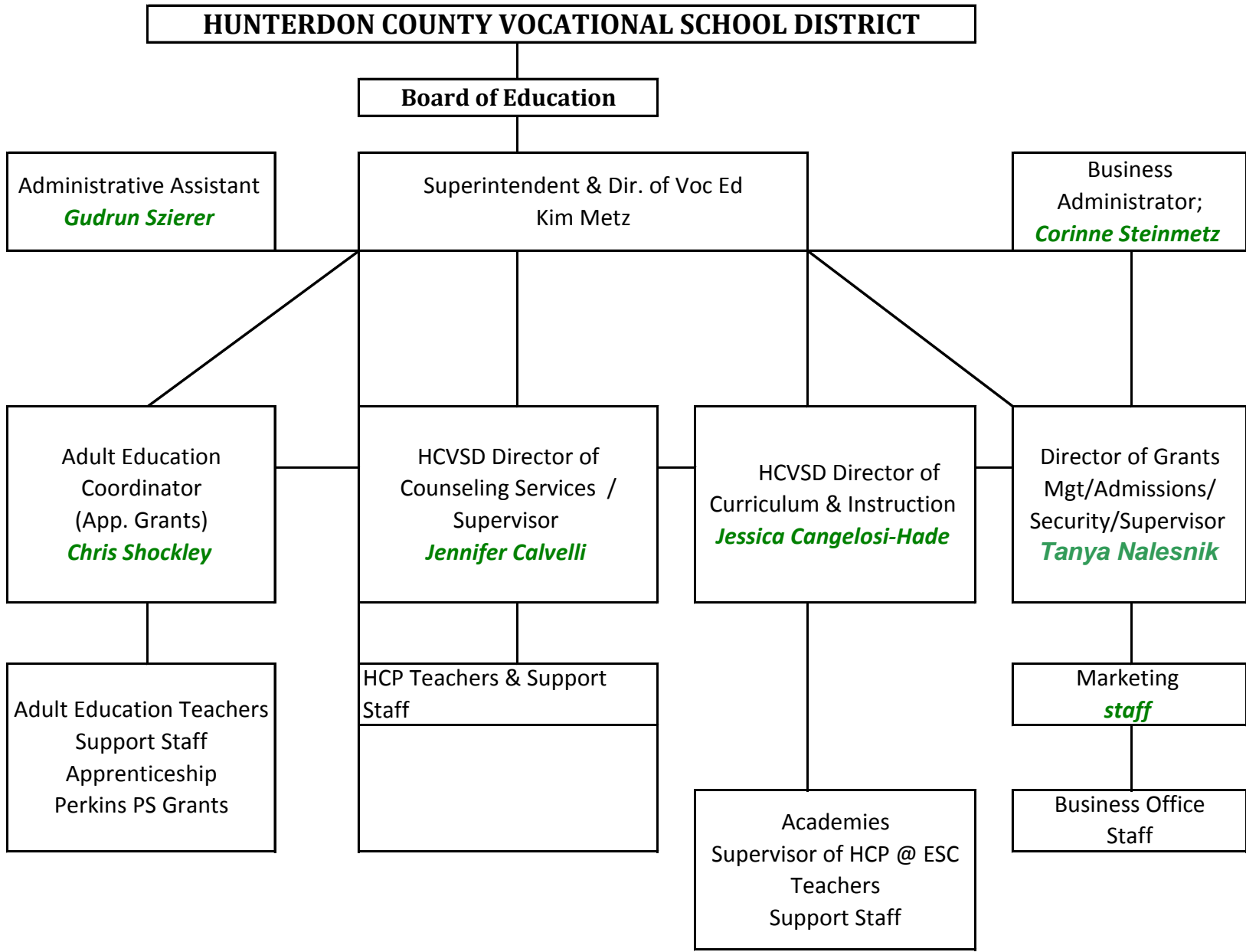
Respectfully submitted,



Dr. Todd Bonsall  
Superintendent



Corinne Steinmetz  
Business Administrator/Board Secretary



**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Flemington, New Jersey**  
**Roster of Officials**  
**June 30, 2019**

<b>Members of the Board of Education</b>	<b>Title</b>	<b>Term Expires</b>
Elizabeth Martin	President	2019
Kevin Gilman	Vice-President	2022
John Phillips		2021
Lenore Cortina Ed.D		2021
Howard J. Opdyke, II		2021
John King		2022
Juan Torres	Interim Co. Ex. Superintendent	No Term

**Other Officials**

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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, 2019**

**AUDIT FIRM**

BKC, CPAs, 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](http://www.bkc-cpa.com)

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## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hunterdon County Vocational School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2019, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion 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 opinion.

### 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits 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 an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 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.

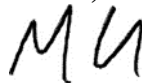
The introduction and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



**BKC, CPAs, PC**



Michael A. Holk, CPA, PSA  
NO. 20CS00265600

December 2, 2019  
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, 2019**  
**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, 2019. 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 2018-19 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 their third four-year academy. 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, 2019**  
**Unaudited**

**Financial Highlights**

Key financial highlights for 2019 are as follows:

- General revenues accounted for \$3,861,139 in revenue, or 41.69% of all revenues. Program specific revenues in the form of charges for services, (including tuition) and operating and capital grants accounted for \$5,399,621 or 58.31% of total revenues of \$9,260,760.
- The School District has \$9,391,487 in expenses; only \$5,399,621 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 \$7,245,043 in revenues and \$7,795,031 in expenditures. The general fund's balance decreased by \$549,941 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. For 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 2019?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
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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 District's 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 measure and report the operating results by measuring cash on hand and other assets that can be easily 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.

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**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 2019 compared to 2018.

**Table 1**  
**Net Position**

	06/30/2019	06/30/2018	Variance	
			Dollars	Percent
Assets				
Current & Other Assets	\$ 4,829,647	\$ 5,312,365	\$ (482,718)	-9.09%
Capital Assets	10,877,243	10,636,641	240,602	2.26%
Total Assets	<u>15,706,890</u>	<u>15,949,006</u>	<u>(242,116)</u>	-1.52%
Deferred Outflows of Resources	<u>521,198</u>	<u>842,933</u>	<u>(321,735)</u>	-38.17%
Liabilities				
Long Term Liabilities	1,524,085	2,395,947	(871,862)	-36.39%
Other Liabilities	<u>186,682</u>	<u>117,852</u>	<u>68,830</u>	58.40%
Total Liabilities	<u>1,710,767</u>	<u>2,513,799</u>	<u>(803,032)</u>	-31.94%
Deferred Inflows of Resources	<u>956,922</u>	<u>569,600</u>	<u>387,322</u>	68.00%
Net Position				
Net Investment in Capital Assets	10,877,243	10,636,641	240,602	2.26%
Restricted	3,160,731	2,977,766	182,965	6.14%
Unrestricted	<u>(477,575)</u>	<u>94,133</u>	<u>(571,708)</u>	-607.34%
Total Net Position	<u>\$13,560,399</u>	<u>\$13,708,540</u>	<u>\$ (148,141)</u>	-1.08%

Current assets have decreased \$482,718 and unrestricted net position has decreased \$571,708.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
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Table 2 shows changes in net position for fiscal year ending June 30, 2019 with comparison to June 30, 2018.

**Table 2**  
**Changes in Net Position**

	06/30/2019	06/30/2018	Variance	
			Dollars	Percent
Revenues				
Program Revenues				
Charges for Services	\$ 4,097,473	\$ 3,747,863	\$ 349,610	9.33%
Operating Grants	1,302,148	964,751	337,397	34.97%
General Revenues				
County Taxes	1,645,914	1,613,641	32,273	2.00%
Unrestricted Grants	2,116,842	2,558,526	(441,684)	-17.26%
Investment Income	55,821	45,867	9,954	21.70%
Other	42,562	13,603	28,959	212.89%
Total Revenues	<u>9,260,760</u>	<u>8,944,251</u>	<u>316,509</u>	3.54%
Program Expenses				
Instruction				
Regular	4,274,688	3,768,314	506,374	13.44%
Special	112,951	87,663	25,288	28.85%
Other	41,210	27,254	13,956	51.21%
Support Services				
Student & Instructional Related Services	1,609,275	1,660,878	(51,603)	-3.11%
General & Business Administration	734,114	638,089	96,025	15.05%
School Administration	557,381	471,894	85,487	18.12%
Maintenance	1,583,529	1,134,543	448,986	39.57%
Transportation	23,500	14,984	8,516	56.83%
Special Schools	397,195	579,791	(182,596)	-31.49%
Special Services	19,710	19,585	125	0.64%
Interest and other charges	37,934	37,934	-	0.00%
Total Expenses	<u>9,391,487</u>	<u>8,440,929</u>	<u>950,558</u>	11.26%
Increase (decrease) in net position before special item	(130,727)	503,322	(634,049)	-125.97%
Special Item:				
Gain/(Loss) on Disposal of Assets	(17,414)	-	(17,414)	*
Increase (Decrease) in Net Position	<u>\$ (148,141)</u>	<u>\$ 503,322</u>	<u>\$ (651,463)</u>	-129.43%

Undefined = \*

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
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**Governmental Activities**

County taxes made up 17.77% of revenues for governmental funds for Fiscal Year 2019. The district's total revenues for governmental funds were \$8,547,191 for the fiscal year ended June 30, 2019. Tuition revenue in a total amount of \$4,079,323 accounted for 47.73% of total revenues. The remaining revenues for governmental funds were from interest on investments, state aid, federal grants, and miscellaneous income.

**Business-Type Activities**

**Special services**

Special services programs had operating revenues of \$18,150 and operating expenses of \$19,710 resulting in a net loss of \$1,560 for Fiscal Year 2019.

**Governmental Activities**

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

**Table 3**  
**Cost of Governmental Services**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/19</u>	<u>06/30/18</u>
Instruction	\$ 4,428,849	\$ 3,883,231	\$ (68,340)	\$ 34,929
Support Services				
Student & Instructional				
Related Services	1,609,275	1,660,878	1,138,190	1,105,245
General & Business Administration	734,114	638,089	734,114	638,089
School Administration	557,381	471,894	557,381	471,894
Plant Operations & Maintenance	1,583,529	1,134,543	1,583,529	1,132,941
Pupil Transportation	23,500	14,984	23,500	14,984
Interest and other charges	37,934	37,934	37,934	37,934
Special Schools	397,195	579,791	(16,002)	277,777
Customized Training	19,710	19,585	1,560	14,522
<b>Total</b>	<u>\$ 9,391,487</u>	<u>\$ 8,440,929</u>	<u>\$ 3,991,866</u>	<u>\$ 3,728,315</u>

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

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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 administration include expenses associated with administrative and financial supervision of the District.

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

Curriculum and staff development include 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 69.86% continues to be from local sources including tax levy, outside tuition, and miscellaneous revenues. State aid and federal aid represents about 29.26% 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, 2019.

Revenue	<u>Amount</u>	<u>Percent of Total</u>
Local sources	\$ 5,970,869	69.86%
State sources	2,500,904	29.26%
Federal sources	75,418	0.88%
Total	<u>\$ 8,547,191</u>	100.00%



**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2019**  
**Unaudited**

**The District's Expenditures**

The following schedule represents a summary of general and special revenue fund expenditures for the fiscal year ended June 30, 2019.

Expenditures	Amount	Percent of Total
Current		
Instruction	\$ 3,425,951	37.66%
Undistributed expenditures	4,510,984	49.59%
Capital Outlay	700,574	7.70%
Interest and Other Charges	37,934	0.42%
Adult Vocational	421,736	4.64%
Total	\$ 9,097,179	100.00%

**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, 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 \$92,506 under the original budgeted estimates of \$6,849,409. This difference was due primarily to a short fall in tuition revenue and a reduction in adjustment aid.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
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**Capital Assets**

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2019 with a comparison to 2018.

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

	06/30/19	06/30/18	Variance	
			Dollars	Percent
Land	\$ 1,129,855	\$ 1,129,855	\$ -	0.00%
Construction in Progress	-	51,433	(51,433)	-100.00%
Land Improvement	42,074	-	42,074	100.00%
Buildings & Improvements	8,491,970	8,590,588	(98,618)	-1.15%
Furniture & Equipment	1,204,974	850,814	354,160	41.63%
Vehicles	8,370	13,951	(5,581)	-40.00%
	<u>\$ 10,877,243</u>	<u>\$10,636,641</u>	<u>\$ 240,602</u>	<u>2.26%</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 several years and again for the 2018-19 school year, HCVSD has kept the local tax levy at or below 2% increase. As the district increases program offerings to meet occupational demands, so does the need to increase space and revenues to support those programs.

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, specific technology training for educators that will enable teachers to implement technology into their programs and update security equipment to enhance the safety of students and staff. By keeping up to date in program operations and delivery, it will best prepare students for post-secondary opportunities.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2019**  
**Unaudited**

**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 District's 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, 10 Junction Road, 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, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,071,034	\$ 393,113	\$ 1,464,147
Receivables, net	194,769	-	194,769
Other assets	10,000	-	10,000
<b>Restricted assets</b>			
Capital reserve - cash	2,720,631	-	2,720,631
Maintenance reserve - cash	440,100	-	440,100
<b>Capital assets, net</b>			
Land	1,129,855	-	1,129,855
Other capital assets, net of depreciation	9,747,388	-	9,747,388
Total assets	<u>15,313,777</u>	<u>393,113</u>	<u>15,706,890</u>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	<u>521,198</u>	<u>-</u>	<u>521,198</u>
<b>Liabilities</b>			
Accounts payable	173,101	-	173,101
Unearned revenue	2,600	10,981	13,581
<b>Long-term liabilities</b>			
Due beyond one year	<u>1,524,085</u>	<u>-</u>	<u>1,524,085</u>
Total liabilities	<u>1,699,786</u>	<u>10,981</u>	<u>1,710,767</u>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	<u>956,922</u>	<u>-</u>	<u>956,922</u>
<b>Net position</b>			
Net investment in capital assets	10,877,243	-	10,877,243
<b>Restricted for</b>			
Capital reserve	2,720,631	-	2,720,631
Maintenance reserve	440,100	-	440,100
Unrestricted	<u>(859,707)</u>	<u>382,132</u>	<u>(477,575)</u>
<b>Total net position</b>	<u>\$ 13,178,267</u>	<u>\$ 382,132</u>	<u>\$ 13,560,399</u>

See accompanying notes to financial statements.

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

Functions/Programs	Direct Expenses	Indirect Expenses (Revenue) 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	\$ 3,324,911	\$ 949,777	\$ 3,666,126	\$ 823,918	\$ -	\$ 215,356	\$ -	\$ 215,356
Special education	62,722	50,229	-	-	-	(112,951)	-	(112,951)
Other instruction	38,318	2,892	-	7,145	-	(34,065)	-	(34,065)
Support services								
Students and instruction related services	1,256,360	352,915	-	471,085	-	(1,138,190)	-	(1,138,190)
General and business administration services	647,389	86,725	-	-	-	(734,114)	-	(734,114)
School administration services	435,249	122,132	-	-	-	(557,381)	-	(557,381)
Plant operations and maintenance	1,579,553	3,976	-	-	-	(1,583,529)	-	(1,583,529)
Pupil transportation	17,919	5,581	-	-	-	(23,500)	-	(23,500)
Special schools	421,736	(24,541)	413,197	-	-	16,002	-	16,002
Interest on long-term debt	37,934	-	-	-	-	(37,934)	-	(37,934)
Total governmental activities	<u>7,822,091</u>	<u>1,549,686</u>	<u>4,079,323</u>	<u>1,302,148</u>	<u>-</u>	<u>(3,990,306)</u>	<u>-</u>	<u>(3,990,306)</u>
Business-type activities								
Special services	19,710	-	18,150	-	-	-	(1,560)	(1,560)
Total business-type activities	<u>19,710</u>	<u>-</u>	<u>18,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,560)</u>	<u>(1,560)</u>
Total primary government	<u>\$ 7,841,801</u>	<u>\$ 1,549,686</u>	<u>\$ 4,097,473</u>	<u>\$ 1,302,148</u>	<u>\$ -</u>	<u>(3,990,306)</u>	<u>(1,560)</u>	<u>(3,991,866)</u>
General revenues, special items and transfers								
County taxes levied for general purposes						1,645,914	-	1,645,914
Federal and state aid not restricted						2,116,842	-	2,116,842
Investment earnings						55,821	-	55,821
Miscellaneous income						42,562	-	42,562
Loss on disposal of assets						(17,414)	-	(17,414)
Total general revenues, special items and transfers						<u>3,843,725</u>	<u>-</u>	<u>3,843,725</u>
Change in net position						(146,581)	(1,560)	(148,141)
Net position - beginning						13,324,848	383,692	13,708,540
Net position - ending						<u>\$ 13,178,267</u>	<u>\$ 382,132</u>	<u>\$ 13,560,399</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, 2019**

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,071,034	\$ -	\$ -	\$ 1,071,034
Due from other funds	180,925	10,406	-	191,331
Receivables from other governments				
State	-	134,715	-	134,715
Other	24,250	35,804	-	60,054
Security deposit	10,000	-	-	10,000
Restricted cash and cash equivalents	3,160,731	-	-	3,160,731
<b>Total assets</b>	<b>\$ 4,446,940</b>	<b>\$ 180,925</b>	<b>\$ -</b>	<b>\$ 4,627,865</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Due to other funds	\$ 10,406	\$ 180,925	\$ -	\$ 191,331
Accounts payable	173,101	-	-	173,101
Unearned revenue	2,600	-	-	2,600
<b>Total liabilities</b>	<b>186,107</b>	<b>180,925</b>	<b>-</b>	<b>367,032</b>

See accompanying notes to financial statements.



**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2019**

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
Liabilities and fund balances				
Fund balances				
Restricted fund balance				
Excess surplus - designated for subsequent year's expenditures	\$ 101,349	\$ -	\$ -	\$ 101,349
Excess surplus - current year	301,037	-	-	301,037
Capital reserve	2,720,631	-	-	2,720,631
Maintenance reserve	440,100	-	-	440,100
Committed fund balance				
Encumbrances	209,342	-	-	209,342
Assigned fund balance				
Designated for subsequent year's expenditures	138,651	-	-	138,651
Unassigned fund balance	349,723	-	-	349,723
Total fund balances	4,260,833	-	-	4,260,833
 Total liabilities and fund balances	 \$ 4,446,940	 \$ 180,925	 \$ -	

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 \$14,973,125 and the accumulated depreciation is \$4,095,882.	10,877,243
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(435,724)
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.	(1,524,085)
Total net position of governmental activities	\$ 13,178,267

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, 2019**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Local sources				
County tax levy	\$ 1,645,914	\$ -	\$ -	\$ 1,645,914
Tuition charges				
Individuals	413,197	-	-	413,197
Other LEAs	3,666,126	-	-	3,666,126
Interest on investments	55,821	-	-	55,821
Sale of property	9,526	-	-	9,526
Miscellaneous	33,036	147,249	-	180,285
Total local sources	5,823,620	147,249	-	5,970,869
State sources	1,421,423	1,079,481	-	2,500,904
Federal sources	-	75,418	-	75,418
<b>Total revenues</b>	<b>7,245,043</b>	<b>1,302,148</b>	<b>-</b>	<b>8,547,191</b>
<b>Expenditures</b>				
Current				
Instructional				
Regular instruction	2,996,364	328,547	-	3,324,911
Special education instruction	62,722	-	-	62,722
Other instruction	31,173	7,145	-	38,318
Support service & undistributed costs				
Student & instruction related services	785,275	471,085	-	1,256,360
General & business administrative services	647,389	-	-	647,389
School administrative services	435,249	-	-	435,249
Plant operations & maintenance	1,579,553	-	-	1,579,553
Pupil transportation	17,919	-	-	17,919
Unallocated benefits	574,514	-	-	574,514

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, 2019**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Expenditures (cont'd)				
Capital outlay	\$ 205,203	\$ 495,371	\$ -	\$ 700,574
Debt service				
Interest & other charges	37,934	-	-	37,934
Special schools	421,736	-	-	421,736
Total expenditures	<u>7,795,031</u>	<u>1,302,148</u>	<u>-</u>	<u>9,097,179</u>
Excess (deficit) of revenues over (under) expenditures	<u>(549,988)</u>	<u>-</u>	<u>-</u>	<u>(549,988)</u>
Other financing sources (uses)				
Transfers in	47	-	-	47
Transfers out	-	-	(47)	(47)
Total other financing sources (uses)	<u>47</u>	<u>-</u>	<u>(47)</u>	<u>-</u>
Net change in fund balance	(549,941)	-	(47)	(549,988)
Fund balances, July 1	<u>4,810,774</u>	<u>-</u>	<u>47</u>	<u>4,810,821</u>
Fund balances, June 30	<u>\$ 4,260,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,260,833</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, 2019**

Total net changes in fund balances - governmental fund (from B-2) \$ (549,988)

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

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

Capital outlays	\$ 700,574	
Depreciation expense	(442,558)	
Loss on disposal of assets	<u>(17,414)</u>	240,602

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. 53,656

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 109,149

Change in net position of governmental activities \$ (146,581)

See accompanying notes to financial statements.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2019**

	Special Services
Assets	
Current assets	
Cash and cash equivalents	\$ 393,113
Total assets	393,113
Liabilities	
Accounts payables	49
Unearned revenues	10,932
Total liabilities	10,981
Net position	
Unrestricted	382,132
Total net position	\$ 382,132

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, 2019**

	Special Services
Operating revenues	
Charges for services	
Program fees	\$ 18,150
Operating expenses	
Salaries	17,366
Support services - employee benefits	1,200
Supplies and materials	1,144
Total operating expenses	19,710
Change in net position	(1,560)
Net position, beginning	383,692
Net position, ending	\$ 382,132

See accompanying notes to financial statements.

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

	Special Services
Cash flows from operating activities	
Receipts from customers (net)	\$ 18,856
Payments to vendors (net)	(19,710)
Net cash provided by (used for) operating activities	(854)
Net increase (decrease) in cash and cash equivalents	(854)
Cash and cash equivalents, beginning	393,967
Cash and cash equivalents, ending	\$ 393,113
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (1,560)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Increase (decrease) in accounts payable	49
Increase (decrease) in unearned revenue	657
Net cash provided by (used for) operating activities	\$ (854)

See accompanying notes to financial statements.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Net Position**  
**June 30, 2019**

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>				
Cash and cash equivalents	\$ 56,421	\$ 19,630	\$ 227,624	\$ 45,405
Total assets	<u>\$ 56,421</u>	<u>\$ 19,630</u>	<u>\$ 227,624</u>	<u>\$ 45,405</u>
<b>Liabilities</b>				
Due to student groups	\$ -	\$ -	\$ 227,624	\$ -
Summer pay	-	-	-	41,867
Flexible spending	-	-	-	1,380
Payroll deductions and withholdings	-	-	-	2,158
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 227,624</u>	<u>\$ 45,405</u>
<b>Net position</b>				
Held in trust for unemployment claims and other purposes	<u>\$ 56,421</u>	<u>\$ 19,630</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	\$ 5,079	\$ -	\$ 5,079
Awards and donations	-	414	414
Interest income	623	234	857
Total additions	<u>5,702</u>	<u>648</u>	<u>6,350</u>
Deductions			
Scholarship awards	-	1,500	1,500
Unemployment claims	23	-	23
Total deductions	<u>23</u>	<u>1,500</u>	<u>1,523</u>
Change in net position	5,679	(852)	4,827
Net position, beginning of the year	<u>50,742</u>	<u>20,482</u>	<u>71,224</u>
Net position, end of the year	<u>\$ 56,421</u>	<u>\$ 19,630</u>	<u>\$ 76,051</u>

See accompanying notes to financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

The financial statements of the Hunterdon County Vocational School District (the 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, 2019 of 404 students.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) 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 postemployment 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 resource's 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
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Fiduciary fund types

*Trust and Agency Funds* - This fund is 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.

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, 2019.

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

<u>Assets</u>	<u>Years</u>
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 District's 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. Use of estimates

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

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, 2019, 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 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in 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.

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, 2019, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	5,127,149
Total bank balances	\$ 5,377,149

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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

Deposits at June 30, 2019 appear in the financial statements as summarized below:

Cash and cash equivalents		<u>\$ 4,973,958</u>
	<u>Ref.</u>	
Unrestricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	\$ 1,071,034
Enterprise funds, Statement of Net Position	B-4	393,113
Fiduciary funds, Statement of Net Position	B-7	349,080
Restricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	3,160,731
Total cash and cash equivalents		<u>\$ 4,973,958</u>

Note 3 - Capital assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,129,855	\$ -	\$ -	\$ 1,129,855
Total	<u>1,129,855</u>	<u>-</u>	<u>-</u>	<u>1,129,855</u>
Capital assets, being depreciated				
Land improvements	187,177	-	-	187,177
Building & improvements	11,478,600	174,931	17,666	11,635,865
Furniture & equipment	1,508,094	525,643	75,659	1,958,078
Buses & other vehicles	81,150	-	19,000	62,150
Total	<u>13,255,021</u>	<u>700,574</u>	<u>112,325</u>	<u>13,843,270</u>
Accumulated depreciation				
Land improvements	135,744	9,359	-	145,103
Building & improvements	2,888,012	269,427	13,544	3,143,895
Furniture & equipment	657,280	158,191	62,367	753,104
Buses & other vehicles	67,199	5,581	19,000	53,780
Total	<u>3,748,235</u>	<u>442,558</u>	<u>94,911</u>	<u>4,095,882</u>
Total capital assets, being depreciated, net	<u>9,506,786</u>	<u>258,016</u>	<u>17,414</u>	<u>9,747,388</u>
Governmental activities capital assets, net	<u>\$ 10,636,641</u>	<u>\$ 258,016</u>	<u>\$ 17,414</u>	<u>\$ 10,877,243</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		
Regular	\$	250,943
Special education		4,734
Other instruction		2,892
Support services		
Student & instruction		94,822
General & business administration		48,861
School administration		32,850
Plant maintenance		1,875
Transportation		5,581
Total depreciation expense, governmental activities	\$	442,558

Note 4 - Long-term debt

Long-term liability activity for the year ended June 30, 2019 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences payable	\$ 238,784	\$ -	\$ 109,149	\$ 129,635	\$ -
PERS net pension liability	2,157,163	-	762,713	1,394,450	-
Total governmental activities long-term liabilities	\$ 2,395,947	\$ -	\$ 871,862	\$ 1,524,085	\$ -

Note 5 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following 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 TPAF retirement system is considered a 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.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Pension plans (continued)

A. Public employees' retirement systems (PERS)

Plan description

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

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 1, 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, 2018 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2018.

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, 2018. 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. 43:15A 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 2018, the State's pension contribution was less than the actuarial determined amount.

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



**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Pension plans (continued)

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

Contributions (continued)

The District's contractually required contribution rate for the year ended June 30, 2019 was 12.67% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.20% effective July 1, 2016 and increased annually on July 1<sup>st</sup> until reaching 7.50% of base salary effective July 1, 2018. The District contributed \$70,445 for the year ending June 30, 2019.

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 measurement date June 30, 2018:

Total pension liability	\$ 3,005,089
Plan fiduciary net position	1,610,639
Net pension liability	\$ 1,394,450

Plan fiduciary net position as a percentage of the total pension liability	53.60%
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The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.00%

**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 (continued)

Components of net pension liability (continued)

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one 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 three years for males and set forward one year for females).

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

**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 (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/Venture capital	8.25%	13.08%

Discount rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. The state employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Pension plan (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2018 measurement date, 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:

District's Proportionate Share of the Net Pension Liability

At current discount rate (5.66%)	\$ 1,394,450
At a 1% lower rate (4.66%)	1,753,360
At a 1% higher rate (6.66%)	1,093,347

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2018 measurement date, 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	\$ 26,592	\$ 7,190
Changes of assumptions	229,782	445,871
Net difference between projected and actual earnings on pension plan investments	-	13,080
Changes in proportion and differences between District contributions and proportionate share of contributions	194,379	490,781
District contributions subsequent to the measurement date	70,445	-
Total	<u>\$ 521,198</u>	<u>\$ 956,922</u>

**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 ended June 30, 2019, the plan measurement date is June 30, 2018) of \$70,445 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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, 2018 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 50,794	\$ (24,202)	\$ 26,592
Changes of assumptions	434,594	(204,812)	229,782
Difference between projected and actual earnings on pension plan investments	14,689	(14,689)	-
Deferred inflows of resources			
Differences between expected and actual experience	-	(7,190)	(7,190)
Changes of assumptions	(433,001)	(12,870)	(445,871)
Difference between projected and actual earnings on pension plan investments	-	(13,080)	(13,080)
Net of deferred outflows	<u>\$ 67,076</u>	<u>\$ (276,843)</u>	<u>\$ (209,767)</u>

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

Year Ended June 30,

2019	\$ 9,678
2020	(13,400)
2021	(96,086)
2022	(83,289)
2023	(26,670)
Total	<u>\$ (209,767)</u>

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Pension plan (continued)

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

Pension expense

For the year ended June 30, 2019, the District recognized net pension expense of \$16,788, which represents the District's proportionate share of allocable plan pension expense of \$77,302, less the net amortization of deferred amounts from changes in proportion of \$75,916, and plus other adjustments to the net pension liability of \$15,402. 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 ended June 30, 2018 measurement date are as follows:

Service cost	\$	65,821
Interest on total pension liability		158,237
Member contributions		(37,797)
Administrative expense		1,047
Expected investment return net of investment expense		(99,347)
Pension expense related to specific liabilities of individual employers		(582)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		10,674
Amortization of expected versus actual experience		(12,289)
Amortization of projected versus actual investment earnings on pension plan investments		(8,462)
Pension expense	\$	77,302

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

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a 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](http://www.state.nj.us/treasury/pensions).

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.

**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)

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members enrolled prior to July 1, 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.

Contributions

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 2018, the State’s pension contribution was less than the actuarial determined amount.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Pension plan (continued)  
B. Teacher’s pension and annuity fund (TPAF) (continued)

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, 2018, the State of New Jersey contributed \$214,832 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.20% effective July 1, 2016 and increased annually on July 1<sup>st</sup> until eventually reaching 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

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 ended June 30, 2018 measurement date is as follows:

State’s proportionate share of net pension liability	\$	9,041,212
District’s proportionate share of net pension liability		-
Employer pension expense and related revenue		527,071
Non-employer contribution		214,832
 Allocable proportionate percentage		 .0142117536%



**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 (continued)  
Components of net pension liability (continued)

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ended June 30, 2018 measurement date are as follows:

Service cost	\$	315,905
Interest on total pension liability		546,696
Member contributions		(114,903)
Administrative expense		1,874
Expected investment return net of investment expense		(217,671)
Pension expense related to specific liabilities of individual employers		(49)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		27,997
Amortization of expected versus actual experience		(13,953)
Amortization of projected versus actual investment earnings on pension plan investments		(18,825)
Pension expense	\$	<u>527,071</u>

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, 2018 is as follows:

Total pension liability	\$	12,299,000
Plan fiduciary net position		3,257,788
Net pension liability	\$	<u>9,041,212</u>

Plan fiduciary net position as a percentage of the total pension liability 26.49%

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

Inflation rate	2.25%
Salary increases (based on age)	
2011 - 2026	1.55 - 4.55%
Thereafter	2.00 - 5.45%
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial study for the period July 1, 2012 to June 30, 2015.

**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 (continued)

Components of net pension liability (continued)

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Postretirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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, 2018 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/Venture capital	8.25%	13.08%

**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 (continued)

Discount rate

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent state fiscal year. The State contributed 50% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2018 measurement date, 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:

District’s Proportionate Share of the Net Pension Liability

At current discount rate (4.86%)	\$ 9,041,212
At a 1% lower rate (3.86%)	10,686,541
At a 1% higher rate (5.86%)	7,677,275

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 (\$8,400 in 2019) 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](http://www.prudential.com/njdcprp).

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Pension plan (continued)

C. Defined contribution retirement program (continued)

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 ended 2019 was \$1,866.

D. Other pension plan information

During the year ended June 30, 2019, the State of New Jersey contributed \$112,423 to the TPAF for postretirement medical benefits, \$5,082 for non-contributory insurance premiums, \$459 for long-term disability insurance, and \$242,766 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 \$113,348 during the year ended June 30, 2019 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 Statement No. 68.

Note 6 - Postretirement benefits

The State provides postretirement medical (PRM) benefits for certain state and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 state and local retirees.

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for state-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Postretirement benefits (continued)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2018 measurement date is as follows:

State's proportionate share of the OPEB liability	\$	46,110,832,982
District's proportionate share of the State's OPEB liability		5,287,725
Employer OPEB expense and related revenue		168,348
Allocable proportionate percentage		0.0114674246%

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Postretirement benefits (continued)  
Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2017	\$ 7,029,022
Service cost	255,339
Interest cost	258,358
Change of benefit terms	-
Differences between expected and actual experiences	(1,511,696)
Changes of assumptions	(606,793)
Member contributions	4,887
Gross benefit payments	(141,392)
Total OPEB liability at June 30, 2018	\$ 5,287,725

There were no changes of the benefit terms from June 30, 2017 to June 30, 2018.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

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

Inflation rate	2.50%	
	TPAF	PERS
	(based on years of service)	(based on age)
Salary increases		
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

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

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

Health care trend assumptions

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

Discount rate

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2018 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.87%)	\$	5,287,725
At a 1% lower rate (2.87%)		6,251,167
At a 1% higher rate (4.87%)		4,521,888

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Postretirement benefits (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates (continued)

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	5,287,725
At a 1% lower rate (1% decrease)		4,370,613
At a 1% higher rate (1% increase)		6,500,641

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$168,348 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

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, 2019 is as follows:

	Receivable	Payable
General fund	\$ 180,925	\$ 10,406
Special revenue	10,406	180,925
	\$ 191,331	\$ 191,331

The balance due from the general fund to the special revenue fund of \$10,406 represents expenditures to be reimbursed by the general fund. The balance due from the special revenue fund of \$180,925 is due to the general fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.



**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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 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.

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>
2018 - 2019	\$ -	\$ 623	\$ 5,079	\$ 23	\$ 56,421
2017 - 2018	-	500	3,995	10,916	50,742
2016 - 2017	50,000	132	4,042	48,757	57,163

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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 District's approved Long-Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). 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.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 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 \$155,000 to their capital reserve account by Board Resolution in June 2019 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	\$ 2,537,619	\$ 155,000	\$ 28,012	\$ -	\$ -	\$ 2,720,631
Maintenance	440,100	-	-	-	-	440,100
Total	<u>\$ 2,977,719</u>	<u>\$ 155,000</u>	<u>\$ 28,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,160,731</u>

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 12 - Fund balance

As described in Note 1 (N), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2019 is as follows:

Restricted

Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 101,349
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.	301,037
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	2,720,631
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.	209,342
Assigned	
Designated surplus - Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	138,651
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	439,258
Total fund balance - Budgetary basis (Exhibit C-1)	4,350,368
Last state aid payments not recognized on GAAP basis	(89,535)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 4,260,833

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, 2019 is \$301,037.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 14 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2019 of (\$859,707) on Schedule A-1, Statement of Net Position. The deficit balance is a 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.

Note 15 - Recent accounting pronouncements not yet effective

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

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. This statement, which is effective for reporting periods beginning after December 15, 2019, is not expected to have a material impact on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement, which is effective for reporting periods beginning after December 15, 2018, is not expected to have a material impact on the District's financial reporting.

Note 16 - Subsequent events

The District has evaluated subsequent events through December 2, 2019, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**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, 2019**

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
<b>Revenues</b>					
Local sources					
County tax levy	\$ 1,645,914	\$ -	\$ 1,645,914	\$ 1,645,914	\$ -
Tuition from other LEAs	3,928,320	-	3,928,320	3,666,126	(262,194)
Tuition from other sources	310,000	-	310,000	413,197	103,197
Sale of property	-	-	-	9,526	9,526
Unrestricted miscellaneous revenues	-	-	-	60,845	60,845
Interest earned on capital reserve funds	5,000	-	5,000	28,012	23,012
Total	<u>5,889,234</u>	<u>-</u>	<u>5,889,234</u>	<u>5,823,620</u>	<u>(65,614)</u>
State sources					
Categorical special education aid	158,471	-	158,471	158,471	-
Equalization aid	241,040	-	241,040	241,040	-
Categorical security aid	31,411	-	31,411	31,411	-
Adjustment aid	529,253	-	529,253	502,361	(26,892)
TPAF Pension (on-behalf)	-	-	-	247,848	247,848
TPAF Social Security (reimbursed)	-	-	-	113,348	113,348
TPAF Postretirement benefits	-	-	-	112,423	112,423
TPAF Long-term disability insurance	-	-	-	459	459
Total	<u>960,175</u>	<u>-</u>	<u>960,175</u>	<u>1,407,361</u>	<u>447,186</u>
<b>Total revenues</b>	<u>\$ 6,849,409</u>	<u>\$ -</u>	<u>\$ 6,849,409</u>	<u>\$ 7,230,981</u>	<u>\$ 381,572</u>
<b>Expenditures</b>					
Current					
Instruction - regular program					
Other purchased services	\$ 1,088,316	\$ 7,339	\$ 1,095,655	\$ 1,095,655	\$ -
Total	<u>1,088,316</u>	<u>7,339</u>	<u>1,095,655</u>	<u>1,095,655</u>	<u>-</u>
Regular vocational programs - instruction					
Salaries of teachers	1,184,857	-	1,184,857	1,065,264	119,593
Other salaries for instruction	36,058	-	36,058	-	36,058
Purchased professional - educational services	271,518	(7,339)	264,179	176,910	87,269
Purchased technical services	78,895	-	78,895	60,134	18,761
Other purchased services	127,167	674	127,841	27,214	100,627
General supplies	198,661	(1,052)	197,609	172,642	24,967
Textbooks	22,855	1,317	24,172	14,443	9,729
Other objects	14,191	(567)	13,624	6,429	7,195
Total	<u>1,934,202</u>	<u>(6,967)</u>	<u>1,927,235</u>	<u>1,523,036</u>	<u>404,199</u>
Special vocational programs - instruction					
Salaries of teachers	117,796	(18,693)	99,103	61,670	37,433
Purchased professional - educational services	200	-	200	-	200
Other purchased services	580	-	580	-	580
General supplies	1,980	(782)	1,198	908	290
Other objects	1,980	-	1,980	144	1,836
Total	<u>122,536</u>	<u>(19,475)</u>	<u>103,061</u>	<u>62,722</u>	<u>40,339</u>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2019**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
School-sponsored co/extra curricular activities - instruction					
Salaries	\$ 26,000	\$ -	\$ 26,000	\$ 20,491	\$ 5,509
Purchased services	5,000	15	5,015	5,015	-
Supplies and materials	1,000	(888)	112	-	112
Other objects	15,000	(9,333)	5,667	5,667	-
Total	<u>47,000</u>	<u>(10,206)</u>	<u>36,794</u>	<u>31,173</u>	<u>5,621</u>
Total instruction regular	<u>\$ 3,192,054</u>	<u>\$ (29,309)</u>	<u>\$ 3,162,745</u>	<u>\$ 2,712,586</u>	<u>\$ 450,159</u>
Undistributed expenditures					
Undistributed expenditures - attendance & social work					
Salaries	\$ 161,080	\$ 54,864	\$ 215,944	\$ 215,944	\$ -
Purchased professional and technical services	1,500	(1,500)	-	-	-
Other purchased services	2,500	(888)	1,612	1,612	-
Supplies and materials	3,500	2,300	5,800	5,731	69
Other objects	10,000	(9,876)	124	40	84
Total	<u>178,580</u>	<u>44,900</u>	<u>223,480</u>	<u>223,327</u>	<u>153</u>
Undistributed expenditures - health services					
Salaries	-	740	740	740	-
Purchased professional and technical services	87,000	(12,740)	74,260	72,612	1,648
Other purchased services	360	-	360	255	105
Supplies and materials	5,940	(4,000)	1,940	1,720	220
Total	<u>93,300</u>	<u>(16,000)</u>	<u>77,300</u>	<u>75,327</u>	<u>1,973</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	132,463	(318)	132,145	118,095	14,050
Purchased professional - educational services	-	132	132	132	-
Other purchased professional & technical services	-	1,030	1,030	1,030	-
Other purchased services	9,200	5,719	14,919	14,426	493
Supplies and materials	20,000	(7,068)	12,932	8,074	4,858
Other objects	500	(133)	367	325	42
Total	<u>162,163</u>	<u>(638)</u>	<u>161,525</u>	<u>142,082</u>	<u>19,443</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	105,092	(13,053)	92,039	83,331	8,708
Salaries of secretarial & clerical assist	45,498	(4,718)	40,780	31,836	8,944
Other purchased professional & technical services	3,000	(1,119)	1,881	242	1,639
Other purchased services	5,200	-	5,200	3,583	1,617
Supplies and materials	1,500	-	1,500	1,109	391
Other objects	2,000	-	2,000	1,098	902
Total	<u>162,290</u>	<u>(18,890)</u>	<u>143,400</u>	<u>121,199</u>	<u>22,201</u>

See independent auditors' report.



**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2019**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Purchased professional and technical services	\$ 83,015	\$ (12,840)	\$ 70,175	\$ 70,175	\$ -
Other purchased services	-	3,922	3,922	57	3,865
Supplies and materials	15,250	(12,687)	2,563	909	1,654
Other objects	7,500	1,919	9,419	8,319	1,100
Total	105,765	(19,686)	86,079	79,460	6,619
Undistributed expenditures - instructional staff training services					
Other purchased services	3,000	9,028	12,028	11,573	455
Supplies and materials	500	-	500	97	403
Other objects	500	-	500	-	500
Total	4,000	9,028	13,028	11,670	1,358
Undistributed expend. - support service - general admin.					
Salaries	151,258	9,848	161,106	160,992	114
Legal services	13,515	(152)	13,363	8,248	5,115
Audit fees	19,000	40	19,040	19,040	-
Architectural/engineering services	76,650	(18,395)	58,255	58,255	-
Other purchased professional services	37,000	10,000	47,000	46,714	286
Purchased technical services	2,050	-	2,050	988	1,062
Communications/telephone	20,318	(2,188)	18,130	18,130	-
BOE other purchased services	27,511	(5,233)	22,278	21,308	970
Misc purch services	11,500	9,557	21,057	10,147	10,910
General supplies	10,000	19,844	29,844	27,216	2,628
BOE in-house training/meeting supplies	1,000	(15)	985	985	-
Judgments against the school district	17,629	-	17,629	17,629	-
Miscellaneous expenditures	17,000	651	17,651	17,651	-
BOE membership dues and fees	500	(395)	105	-	105
Total	404,931	23,562	428,493	407,303	21,190
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	181,494	2,154	183,648	175,439	8,209
Salaries of other professional staff	84,427	(31,973)	52,454	31,324	21,130
Salaries of secretarial and clerical assistants	5,459	-	5,459	5,298	161
Purchased professional and technical services	48,025	18,478	66,503	46,974	19,529
Other purchased services	18,950	2,819	21,769	16,348	5,421
Supplies and materials	6,250	-	6,250	1,972	4,278
Other objects	2,350	-	2,350	990	1,360
Total	346,955	(8,522)	338,433	278,345	60,088
Undistributed expenditures - central services					
Salaries	101,847	(4,773)	97,074	88,785	8,289
Purchased professional services	118,000	(45,224)	72,776	69,600	3,176
Purchased technical services	1,325	224	1,549	1,327	222
Miscellaneous purchased services	2,050	466	2,516	1,695	821
Supplies and materials	2,000	-	2,000	1,640	360
Other objects	500	-	500	-	500
Total	225,722	(49,307)	176,415	163,047	13,368

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2019**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - admin. info. technology					
Purchased professional services	\$ -	\$ 245	\$ 245	\$ 245	\$ -
Purchased technical services	-	49,307	49,307	49,305	2
Supplies and materials	-	5,809	5,809	5,409	400
Total	-	55,361	55,361	54,959	402
Undistributed expend. - required maint. for school facilities					
Salaries	12,893	11,000	23,893	23,819	74
Cleaning, repair, and maintenance services	455,402	(149,570)	305,832	234,874	70,958
General supplies	17,961	4,312	22,273	22,273	-
Total	486,256	(134,258)	351,998	280,966	71,032
Undistributed expenditures - custodial services					
Salaries	-	949	949	949	-
Cleaning, repair, and maintenance service	112,000	(7,527)	104,473	98,210	6,263
Rental of land & bldg. other than lease purch agreement	812,475	117,350	929,825	925,479	4,346
Other purchased property services	10,800	12,900	23,700	20,018	3,682
Insurance	22,512	(419)	22,093	20,466	1,627
General supplies	12,000	1,937	13,937	12,357	1,580
Energy (natural gas)	40,000	-	40,000	38,751	1,249
Energy (electricity)	130,282	10,606	140,888	131,928	8,960
Energy (oil)	3,500	600	4,100	3,717	383
Total	1,143,569	136,396	1,279,965	1,251,875	28,090
Undistributed expenditures - security					
Salaries	30,083	5,792	35,875	35,875	-
Purchased professional and technical services	350	2,851	3,201	355	2,846
General supplies	200	552	752	752	-
Total	30,633	9,195	39,828	36,982	2,846
Undistributed expenditures - student transportation service					
Salaries for pupil trans (other than between home & school)	5,000	(1,863)	3,137	-	3,137
Cleaning, repair, & maint. services	2,000	(861)	1,139	478	661
Contr service (oth. than between home & school) - vend	10,000	7,129	17,129	16,766	363
General supplies	2,000	(1,625)	375	375	-
Other objects	1,000	(900)	100	72	28
Total	20,000	1,880	21,880	17,691	4,189
Allocated benefits - employee benefits					
Vocational programs - instruction					
Social Security contributions	7,040	6,066	13,106	13,106	-
Other retirement contributions - PERS	12,421	(298)	12,123	8,950	3,173
Unemployment compensation	10,000	(8,395)	1,605	-	1,605
Workmen's compensation	20,000	(578)	19,422	15,942	3,480
Health benefits	407,167	(45,009)	362,158	333,471	28,687
Tuition reimbursement	3,000	3,204	6,204	6,204	-
Other employee benefits	3,000	(423)	2,577	-	2,577
Total	462,628	(45,433)	417,195	377,673	39,522

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2019**

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Expenditures (cont'd)					
Attendance and social work services					
Social Security contributions	\$ 2,922	\$ 3,177	\$ 6,099	\$ 5,938	\$ 161
Other retirement contributions - PERS	5,158	(185)	4,973	4,973	-
Workmen's compensation	1,560	608	2,168	2,168	-
Health benefits	76,345	4,423	80,768	72,882	7,886
Total	<u>85,985</u>	<u>8,023</u>	<u>94,008</u>	<u>85,961</u>	<u>8,047</u>
Other supp services - guidance					
Social Security contributions	9,351	-	9,351	3,590	5,761
Other retirement contributions - PERS	16,503	-	16,503	5,956	10,547
Workmen's compensation	750	-	750	-	750
Health benefits	60,015	-	60,015	22,556	37,459
Total	<u>86,619</u>	<u>-</u>	<u>86,619</u>	<u>32,102</u>	<u>54,517</u>
Improvement of instruction services					
Social Security contributions	3,480	-	3,480	1,852	1,628
Other retirement contributions - PERS	6,142	-	6,142	708	5,434
Workmen's compensation	1,561	-	1,561	1,490	71
Health benefits	53,681	(37,039)	16,642	7,943	8,699
Tuition reimbursement	2,500	-	2,500	2,154	346
Total	<u>67,364</u>	<u>(37,039)</u>	<u>30,325</u>	<u>14,147</u>	<u>16,178</u>
Support services - general administration					
Social Security contributions	4,965	442	5,407	5,407	-
Other retirement contributions - PERS	8,762	2,358	11,120	10,274	846
Workmen's compensation	3,250	-	3,250	2,952	298
Health benefits	46,107	(2,652)	43,455	34,451	9,004
Other employee benefits	-	652	652	652	-
Total	<u>63,084</u>	<u>800</u>	<u>63,884</u>	<u>53,736</u>	<u>10,148</u>
Support services - school administration					
Social Security contributions	7,203	-	7,203	2,141	5,062
Other retirement contributions - PERS	12,712	(1,700)	11,012	10,572	440
Workmen's compensation	1,750	-	1,750	1,590	160
Health benefits	80,310	(4,000)	76,310	74,718	1,592
Tuition reimbursement	3,000	9,924	12,924	12,924	-
Other employee benefits	800	-	800	-	800
Total	<u>105,775</u>	<u>4,224</u>	<u>109,999</u>	<u>101,945</u>	<u>8,054</u>
Support services - central services					
Social Security contributions	4,967	-	4,967	2,695	2,272
Other retirement contributions - PERS	8,765	-	8,765	8,223	542
Workmen's compensation	2,000	-	2,000	1,816	184
Health benefits	6,011	5,776	11,787	10,569	1,218
Total	<u>21,743</u>	<u>5,776</u>	<u>27,519</u>	<u>23,303</u>	<u>4,216</u>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2019**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Required maintenance for school facilities					
Social Security contributions	\$ 3,288	\$ 766	\$ 4,054	\$ 4,054	\$ -
Other retirement contributions - PERS	5,802	(516)	5,286	-	5,286
Workmen's compensation	6,300	(250)	6,050	5,676	374
Total	<u>15,390</u>	<u>-</u>	<u>15,390</u>	<u>9,730</u>	<u>5,660</u>
Student transportation services					
Social Security contributions	400	-	400	-	400
Other retirement contributions - PERS	700	-	700	-	700
Workmen's compensation	250	-	250	228	22
Total	<u>1,350</u>	<u>-</u>	<u>1,350</u>	<u>228</u>	<u>1,122</u>
Total allocated benefits - employees	<u>\$ 909,938</u>	<u>\$ (63,649)</u>	<u>\$ 846,289</u>	<u>\$ 698,825</u>	<u>\$ 147,464</u>
Unallocated benefits - employee benefits					
Unused vacation payment to terminated/retired	\$ -	\$ 24,197	\$ 24,197	\$ 24,197	\$ -
Unused sick payment to terminated/retired staff	50,000	26,239	76,239	76,239	-
Total	<u>50,000</u>	<u>50,436</u>	<u>100,436</u>	<u>100,436</u>	<u>-</u>
On-behalf TPAF Pension contribution	-	-	-	247,848	(247,848)
On-behalf TPAF Postretirement medical benefits	-	-	-	112,423	(112,423)
On-behalf TPAF Long-term disability insurance	-	-	-	459	(459)
Reimbursed TPAF Social Security contribution	-	-	-	113,348	(113,348)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>474,078</u>	<u>(474,078)</u>
Total undistributed expenditures	<u>\$ 4,324,102</u>	<u>\$ 19,808</u>	<u>\$ 4,343,910</u>	<u>\$ 4,417,572</u>	<u>\$ (73,662)</u>
Total current	<u>\$ 7,516,156</u>	<u>\$ (9,501)</u>	<u>\$ 7,506,655</u>	<u>\$ 7,130,158</u>	<u>\$ 376,497</u>
Capital outlay					
Equipment					
Vocational programs					
Vocational programs - regular programs	\$ 73,779	\$ -	\$ 73,779	\$ 27,797	\$ 45,982
Total equipment	<u>73,779</u>	<u>-</u>	<u>73,779</u>	<u>27,797</u>	<u>45,982</u>
Facilities acquisition and construction service					
Architectural/engineering services	45,000	5,000	50,000	-	50,000
Construction services	395,212	-	395,212	177,406	217,806
Assessment for debt service on SDA funding	37,934	-	37,934	37,934	-
Total facilities acquisition and construction service	<u>478,146</u>	<u>5,000</u>	<u>483,146</u>	<u>215,340</u>	<u>267,806</u>
Total capital outlay	<u>\$ 551,925</u>	<u>\$ 5,000</u>	<u>\$ 556,925</u>	<u>\$ 243,137</u>	<u>\$ 313,788</u>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2019**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special schools					
Vocational evening-local-instruction					
Salaries of teachers	\$ 165,000	\$ -	\$ 165,000	\$ 155,615	\$ 9,385
Purchased professional and technical services	6,000	(4,051)	1,949	1,823	126
Other purchased services	3,500	1,326	4,826	4,826	-
General supplies	42,000	(2,213)	39,787	20,179	19,608
Textbooks	15,000	2,495	17,495	17,495	-
Other objects	1,500	-	1,500	1,060	440
Total	<u>233,000</u>	<u>(2,443)</u>	<u>230,557</u>	<u>200,998</u>	<u>29,559</u>
Vocational evening-local-support serv.					-
Salaries	164,258	7,992	172,250	86,429	85,821
Personal services - employee benefits	121,365	(7,992)	113,373	100,022	13,351
Purchased professional and technical services	7,000	(450)	6,550	14	6,536
Other purchased services	33,333	2,444	35,777	33,592	2,185
Supplies and materials	500	450	950	528	422
Other objects	500	-	500	153	347
Total	<u>326,956</u>	<u>2,444</u>	<u>329,400</u>	<u>220,738</u>	<u>108,662</u>
Total special schools	<u>\$ 559,956</u>	<u>\$ 1</u>	<u>\$ 559,957</u>	<u>\$ 421,736</u>	<u>\$ 138,221</u>
Total expenditures	<u>\$ 8,628,037</u>	<u>\$ (4,500)</u>	<u>\$ 8,623,537</u>	<u>\$ 7,795,031</u>	<u>\$ 828,506</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (1,778,628)	\$ 4,500	\$ (1,774,128)	\$ (564,050)	\$ 1,210,078
Other financing sources (uses)					
Operating transfer in					
Transfers from capital projects fund	-	-	-	47	47
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>47</u>	<u>47</u>
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(1,778,628)	4,500	(1,774,128)	(564,003)	1,210,125
Fund balances, July 1	4,914,371	-	4,914,371	4,914,371	-
Fund balances, June 30	<u>\$ 3,135,743</u>	<u>\$ 4,500</u>	<u>\$ 3,140,243</u>	<u>\$ 4,350,368</u>	<u>\$ 1,210,125</u>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2019**

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Recapitulation of excess (deficiency) of revenues over (under) expenditures				
Adjustment for prior year encumbrances	\$ (830,486)	-	\$ (830,486)	\$ -
Increase in capital reserve	-	155,000	155,000	-
Interest deposit to capital reserve	5,000	-	5,000	23,012
Withdrawal from capital reserve	(320,000)	-	(320,000)	-
Budgeted fund balance	(633,142)	(150,500)	(783,642)	867,113
<b>Total</b>	<b>\$ (1,778,628)</b>	<b>\$ 4,500</b>	<b>\$ (1,774,128)</b>	<b>\$ 1,210,125</b>
Recapitulation of fund balance				
Restricted fund balance				
Excess surplus - designated for subsequent year's expenditures			\$ 101,349	
Excess surplus - current year			301,037	
Capital reserve			2,720,631	
Maintenance reserve			440,100	
Committed fund balance				
Year-end encumbrances			209,342	
Assigned fund balance				
Designated for subsequent year's expenditures			138,651	
Unassigned fund balance			<u>439,258</u>	
Fund balance per budgetary basis			4,350,368	
Reconciliation to governmental statements (GAAP)				
Last state aid payments not recognized on GAAP basis			<u>(89,535)</u>	
Fund balance per governmental funds (GAAP)			<u>\$ 4,260,833</u>	

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2019**

	Unaudited			Actual	Variance
	Original Budget	Budget Transfers	Final Budget		Final to Actual
Revenues					
Federal sources	\$ 75,418	\$ -	\$ 75,418	\$ 75,418	\$ -
State sources	1,339,071	-	1,339,071	1,031,815	(307,256)
Local sources	207,500	-	207,500	147,426	(60,074)
Total revenues	<u>\$ 1,621,989</u>	<u>\$ -</u>	<u>\$ 1,621,989</u>	<u>\$ 1,254,659</u>	<u>\$ (367,330)</u>
Expenditures					
Instruction					
Salaries	\$ 178,970	\$ -	\$ 178,970	\$ 94,413	\$ 84,557
Purchased professional educational services	800	(100)	700	548	152
Other purchased services	9,593	(498)	9,095	9,095	-
Supplies	430,055	(150,615)	279,440	133,266	146,174
Other objects	23,285	(16,353)	6,932	6,932	-
Total	<u>642,703</u>	<u>(167,566)</u>	<u>475,137</u>	<u>244,254</u>	<u>230,883</u>
Support services					
Salaries	204,114	2,869	206,983	171,632	35,351
Employee benefits	93,035	306	93,341	56,928	36,413
Purchased professional educational services	205,016	16,998	222,014	188,490	33,524
Other purchased professional services	32,900	590	33,490	33,490	-
Purchased professional and technical services	34,305	(24,800)	9,505	-	9,505
Other purchased services	23,365	(5,213)	18,152	16,331	1,821
Supplies	21,545	320	21,865	18,833	3,032
Other objects	34,592	4,321	38,913	29,330	9,583
Total	<u>648,872</u>	<u>(4,609)</u>	<u>644,263</u>	<u>515,034</u>	<u>129,229</u>
Capital outlay					
Instructional equipment	330,414	167,959	498,373	495,371	3,002
Non-instructional equipment	-	4,216	4,216	-	4,216
Total	<u>330,414</u>	<u>172,175</u>	<u>502,589</u>	<u>495,371</u>	<u>7,218</u>
Total expenditures	<u>\$ 1,621,989</u>	<u>\$ -</u>	<u>\$ 1,621,989</u>	<u>\$ 1,254,659</u>	<u>\$ 367,330</u>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2019**

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$7,230,981	\$ 1,254,659
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	-	50,220
Outstanding encumbrances current year	-	(2,731)
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	103,597	-
State aid receivable current year	(89,535)	-
	<u>\$ 7,245,043</u>	<u>\$ 1,302,148</u>
Total revenues (GAAP Basis)		
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$7,795,031	\$ 1,254,659
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances prior year	-	50,220
Outstanding encumbrances current year	-	(2,731)
	<u>\$ 7,795,031</u>	<u>\$ 1,302,148</u>
Total expenditures (GAAP Basis)		

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**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset) - percentage	N/A	0.007082200%	0.0092667994%	0.0080292826%	0.0083292254%	0.0079311189%	0.9290231900%	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 1,394,450	\$ 2,157,163	\$ 2,378,043	\$ 1,869,744	\$ 1,484,922	\$ 1,775,548	N/A	N/A	N/A
District's covered employee payroll	556,033	569,581	515,922	627,714	531,819	532,069	536,849	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	244.82%	418.12%	378.84%	351.58%	279.08%	330.74%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A	N/A

N/A - Not Applicable

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Schedule of District's Contributions - Public Employees Retirement System**  
**Last Ten Fiscal Years**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 70,445	\$ 85,847	\$ 71,331	\$ 71,609	\$ 65,383	\$ 70,000	\$ 66,882	\$ 50,190	\$ 43,304	\$ 34,790
Contributions in relation to the contractually required contribution	<u>(70,445)</u>	<u>(85,847)</u>	<u>(71,331)</u>	<u>(71,609)</u>	<u>(65,383)</u>	<u>(70,000)</u>	<u>(66,882)</u>	<u>(50,190)</u>	<u>(43,304)</u>	<u>(34,790)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 556,033	\$ 569,581	\$ 515,922	\$ 627,714	\$ 531,819	\$ 532,069	\$ 536,849	\$ 519,615	\$ 520,000	\$ 410,188
Contributions as a percentage of covered employee payroll	12.67%	15.07%	13.83%	11.41%	12.29%	13.16%	12.46%	9.66%	8.33%	8.48%

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**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	9,041,212	8,849,852	10,885,282	8,420,469	7,692,234	7,931,977	N/A	N/A	N/A
Total	\$ -	\$ 9,041,212	\$ 8,849,852	\$ 10,885,282	\$ 8,420,469	\$ 7,692,234	\$ 7,931,977	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 1,530,845	\$ 1,402,236	\$ 1,402,475	\$ 1,467,889	\$ 1,391,968	\$ 1,362,171	\$ 1,231,182	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%	0.00%	0.00%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	N/A	N/A	N/A

N/A - Not Applicable

See independent auditors' report.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 247,848	\$ 214,368	\$ 147,639	\$ 110,787	\$ 72,027	\$ 60,886	\$ 101,414	\$ 54,687	\$ 5,617	\$ 6,110
Contributions in relation to the contractually required contribution	<u>(247,848)</u>	<u>(214,368)</u>	<u>(147,639)</u>	<u>(110,787)</u>	<u>(72,027)</u>	<u>(60,886)</u>	<u>(101,414)</u>	<u>(54,687)</u>	<u>(5,617)</u>	<u>(6,110)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 1,530,845	\$ 1,402,236	\$ 1,402,475	\$ 1,467,889	\$ 1,391,968	\$ 1,362,171	\$ 1,231,182	\$ 1,310,220	\$ 1,439,127	\$ 1,658,543
Contributions as a percentage of covered employee payroll	16.19%	15.29%	10.53%	7.55%	5.17%	4.47%	8.24%	4.17%	0.39%	0.37%

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR  
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT  
 Schedule of the District's Proportionate Share of the Net Other  
 Postemployment Employee Benefits Liability  
 Last Ten Fiscal Years**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	NA	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	5,287,725	7,029,022	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$ -</b>	<b>\$ 5,287,725</b>	<b>\$ 7,029,022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered employee payroll	N/A	\$ 1,971,817	\$ 1,918,397	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Applicable

See independent auditors' report.



**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2019**

- Note 1 - Special funding situation - TPAF and other postretirement benefits  
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 and other postretirement benefits (OPEB) 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 and OPEB 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 and for OPEB 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 was 4.25% in State Fiscal Year 2017 and 4.86% in State Fiscal Year 2018. The inflation rate was 2.25% for State Fiscal Years 2017 and 2.25% in State Fiscal Year 2018.
- Note 3 - Changes in assumptions - PERS  
The discount rate was 5.00% in State Fiscal Year 2017 and 5.66% in State Fiscal Year 2018. The inflation rate was 2.25% for State Fiscal Year 2017 and 2.25% for State Fiscal Year 2018.
- Note 4 - Changes in assumptions - other postretirement employee benefits  
The other postretirement employee benefits discount rate increased from 3.58% in State Fiscal Year 2017 to 3.87% in State Fiscal Year 2018. The inflation rate was 2.50% for State Fiscal Year 2017 and 2018.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits  
For Pre-Medicare Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits  
There were no changes of the benefit terms from June 30, 2017 to June 30, 2018.

## **SPECIAL REVENUE FUND**

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, 2019**

	Youth Community Outreach	NJ LWD County Apprenticeship	County Vocational			Perkins			NJ Build	ESSA Title IA	ESSA Title IIA	ESSA Title IV	Total
			Biomedical Partnership	Environment Partnership	Heavy Equipment	Post Secondary	Post Secondary	Secondary Reserve					
<b>Revenues</b>													
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,262	\$ 35,465	\$ -	\$ -	\$ 7,145	\$ 4,546	\$ 10,000	\$ 75,418
State sources	-	26,229	143,679	117,210	361,568	-	-	94,295	288,834	-	-	-	1,031,815
Local sources	147,426	-	-	-	-	-	-	-	-	-	-	-	147,426
<b>Total revenues</b>	<b>\$ 147,426</b>	<b>\$ 26,229</b>	<b>\$ 143,679</b>	<b>\$ 117,210</b>	<b>\$ 361,568</b>	<b>\$ 18,262</b>	<b>\$ 35,465</b>	<b>\$ 94,295</b>	<b>\$ 288,834</b>	<b>\$ 7,145</b>	<b>\$ 4,546</b>	<b>\$ 10,000</b>	<b>\$ 1,254,659</b>
<b>Expenditures</b>													
<b>Instruction</b>													
Salaries	\$ 40,444	\$ -	\$ -	\$ -	\$ 32,749	\$ -	\$ -	\$ -	\$ 15,870	\$ 5,350	\$ -	\$ -	\$ 94,413
Purchased professional educational services	-	-	-	-	48	-	-	500	-	-	-	-	548
Other purchased services	-	-	2,595	-	-	-	1,100	-	5,400	-	-	-	9,095
Supplies	5,520	-	28,562	19,918	19,655	1,253	625	49,818	4,164	137	-	3,614	133,266
Other objects	-	-	4,032	1,800	-	-	-	-	1,100	-	-	-	6,932
<b>Total</b>	<b>45,964</b>	<b>-</b>	<b>35,189</b>	<b>21,718</b>	<b>52,452</b>	<b>1,253</b>	<b>1,725</b>	<b>50,318</b>	<b>26,534</b>	<b>5,487</b>	<b>-</b>	<b>3,614</b>	<b>244,254</b>
<b>Support services</b>													
Salaries	47,300	16,600	23,887	5,500	10,060	15,800	-	7,397	45,088	-	-	-	171,632
Employee benefits	21,463	760	2,491	403	9,346	1,209	-	577	19,021	1,658	-	-	56,928
Purchased professional educational services	-	-	77,895	89,580	-	-	-	-	11,429	-	3,200	6,386	188,490
Other purchased professional services	-	-	-	-	-	-	33,490	-	-	-	-	-	33,490
Other purchased services	7,102	1,374	4,217	-	-	-	-	1,314	978	-	1,346	-	16,331
Supplies	7,432	1,495	-	9	7,257	-	-	100	2,540	-	-	-	18,833
Other objects	18,165	6,000	-	-	-	-	250	4,715	200	-	-	-	29,330
<b>Total</b>	<b>101,462</b>	<b>26,229</b>	<b>108,490</b>	<b>95,492</b>	<b>26,663</b>	<b>17,009</b>	<b>33,740</b>	<b>14,103</b>	<b>79,256</b>	<b>1,658</b>	<b>4,546</b>	<b>6,386</b>	<b>515,034</b>
<b>Capital outlay</b>													
Instructional equipment	-	-	-	-	282,453	-	-	29,874	183,044	-	-	-	495,371
<b>Total expenditures</b>	<b>\$ 147,426</b>	<b>\$ 26,229</b>	<b>\$ 143,679</b>	<b>\$ 117,210</b>	<b>\$ 361,568</b>	<b>\$ 18,262</b>	<b>\$ 35,465</b>	<b>\$ 94,295</b>	<b>\$ 288,834</b>	<b>\$ 7,145</b>	<b>\$ 4,546</b>	<b>\$ 10,000</b>	<b>\$ 1,254,659</b>

See independent auditors' report.

## **CAPITAL PROJECTS FUND**

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, 2019**

Description	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Appropriations 06/30/19
			Prior Years	Current Year	
Electrical service/lighting Controls/PA system	04/23/15	\$ 772,519	\$ 772,472	\$ 47	\$ -
		<u>\$ 772,519</u>	<u>\$ 772,472</u>	<u>\$ 47</u>	<u>\$ -</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, 2019**

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

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, 2019**

	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	47	47
Total expenditures	<u>772,472</u>	<u>47</u>	<u>772,519</u>	<u>772,519</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 47</u>	<u>\$ (47)</u>	<u>\$ -</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	100.00%

See independent auditors' report.

## **PROPRIETARY FUND**

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.

**See Statements B-4, B-5, and B-6.**



## **FIDUCIARY FUNDS**

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, 2019**

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 56,421	\$ 19,630	\$ 227,624	\$ 45,405	\$ 349,080
<b>Total assets</b>	<b>\$ 56,421</b>	<b>\$ 19,630</b>	<b>\$ 227,624</b>	<b>\$ 45,405</b>	<b>\$ 349,080</b>
<b>Liabilities</b>					
Due to student groups	\$ -	\$ -	\$ 227,624	\$ -	\$ 227,624
Summer pay	-	-	-	41,867	41,867
Flexible spending	-	-	-	1,380	1,380
Payroll deductions and withholdings	-	-	-	2,158	2,158
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>227,624</b>	<b>45,405</b>	<b>273,029</b>
<b>Net position</b>					
Held in trust for unemployment claims and other purposes	\$ 56,421	\$ 19,630	\$ -	\$ -	\$ 76,051

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Changes in Net Position**  
**June 30, 2019**

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Total
<b>Additions</b>			
Contributions			
Employee withholdings	\$ 5,079	\$ -	\$ 5,079
Awards and donations	-	414	414
Interest income	623	234	857
Total additions	<u>5,702</u>	<u>648</u>	<u>6,350</u>
<b>Deductions</b>			
Scholarship awards	-	1,500	1,500
Unemployment claims	23	-	23
Total deductions	<u>23</u>	<u>1,500</u>	<u>1,523</u>
Change in net position	5,679	(852)	4,827
Net position, beginning of the year	<u>50,742</u>	<u>20,482</u>	<u>71,224</u>
Net position, end of the year	<u>\$ 56,421</u>	<u>\$ 19,630</u>	<u>\$ 76,051</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, 2019**

	Balance 07/01/18	Additions	Reductions	Balance 06/30/19
<b>Assets</b>				
Cash and cash equivalents	\$ 223,516	\$ 116,312	\$ 112,204	\$ 227,624
<b>Total assets</b>	<b>\$ 223,516</b>	<b>\$ 116,312</b>	<b>\$ 112,204</b>	<b>\$ 227,624</b>
<b>Liabilities</b>				
Student activities	\$ 183,939	\$ 111,266	\$ 111,515	\$ 183,690
Culinary arts	39,186	5,042	689	43,539
Marketing account	391	4	-	395
<b>Total liabilities</b>	<b>\$ 223,516</b>	<b>\$ 116,312</b>	<b>\$ 112,204</b>	<b>\$ 227,624</b>

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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, 2019**

	Balance 07/01/18	Additions	Reductions	Balance 06/30/19
<b>Assets</b>				
Cash and cash equivalents	\$ 49,693	\$ 2,974,052	\$ 2,978,340	\$ 45,405
<b>Total assets</b>	<b>\$ 49,693</b>	<b>\$ 2,974,052</b>	<b>\$ 2,978,340</b>	<b>\$ 45,405</b>
<b>Liabilities</b>				
Summer pay	\$ 44,543	\$ 41,834	\$ 44,510	\$ 41,867
Flexible spending	2,579	1,514	2,713	1,380
Payroll deductions and withholdings	2,571	1,191,902	1,192,315	2,158
Net payroll	-	1,738,802	1,738,802	-
<b>Total liabilities</b>	<b>\$ 49,693</b>	<b>\$ 2,974,052</b>	<b>\$ 2,978,340</b>	<b>\$ 45,405</b>

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)**

## **STATISTICAL SECTION**

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Statistical Section J Series**

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
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
<b>REVENUE CAPACITY</b>	
This schedule contains trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
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
<b>OPERATING INFORMATION</b>	
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 are 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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Government activities										
Net investment in capital assets	\$ 11,364,335	\$ 11,064,040	\$ 10,827,852	\$ 10,599,330	\$ 10,364,814	\$ 10,134,842	\$ 10,833,606	\$ 10,666,841	\$ 10,636,641	\$ 10,877,243
Restricted	675,039	647,375	901,225	1,403,829	1,907,619	2,537,456	2,262,173	2,962,181	2,977,766	3,160,731
Unrestricted	515,299	936,188	1,093,737	1,089,099	(1,068,097)	(1,067,619)	(622,776)	(822,018)	(289,559)	(859,707)
Total governmental activities	<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>	<u>\$ 13,324,848</u>	<u>\$ 13,178,267</u>
Business-type activities										
Unrestricted	\$ 440,945	\$ 422,869	\$ 453,708	\$ 439,219	\$ 433,719	\$ 427,638	\$ 402,056	\$ 398,214	\$ 383,692	\$ 382,132
Total business-type activities	<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>	<u>\$ 383,692</u>	<u>\$ 382,132</u>
District-wide										
Net investment in capital assets	\$ 11,364,335	\$ 11,064,040	\$ 10,827,852	\$ 10,599,330	\$ 10,364,814	\$ 10,134,842	\$ 10,833,606	\$ 10,666,841	\$ 10,636,641	\$ 10,877,243
Restricted	675,039	647,375	901,225	1,403,829	1,907,619	2,537,456	2,262,173	2,962,181	2,977,766	3,160,731
Unrestricted	956,244	1,359,057	1,547,445	1,528,318	(634,378)	(639,981)	(220,720)	(423,804)	94,133	(477,575)
Total district-wide	<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>	<u>\$ 13,708,540</u>	<u>\$ 13,560,399</u>

See independent auditors' report.



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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Vocational education	\$ 2,218,999	\$ 2,221,863	\$ 2,321,325	\$ 2,082,488	\$ 2,369,806	\$ 2,816,213	\$ 3,096,664	\$ 3,761,140	\$ 3,855,977	\$ 4,387,639
Other instruction	23,223	25,204	40,021	39,418	43,366	33,784	47,409	57,669	27,254	41,210
Support services										
Student & instruction related services	828,593	656,797	591,881	673,562	944,489	873,426	1,126,684	1,192,910	1,660,878	1,609,275
General & business administrative services	607,792	587,085	575,863	637,242	685,691	623,530	599,850	746,449	638,089	734,114
School administration	199,553	210,065	301,017	300,474	340,249	342,646	385,320	419,797	471,894	557,381
Plant operations & maintenance	753,658	681,217	672,771	660,480	753,556	825,958	765,388	733,833	1,134,543	1,583,529
Pupil transportation	24,533	24,497	19,047	16,462	21,935	17,062	14,991	17,891	14,984	23,500
Interest and other debt charges	-	47,529	27,640	37,934	37,934	37,934	37,934	37,934	37,934	37,934
Special schools	460,587	425,601	471,636	477,368	544,346	500,115	460,654	488,787	579,791	397,195
Total governmental activities expenses	<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>	<u>8,421,344</u>	<u>9,371,777</u>
Business-type activities										
Special services	48,608	265,846	230,932	234,416	18,438	43,321	49,321	32,355	19,585	19,710
Total business-type activities	<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>	<u>19,585</u>	<u>19,710</u>
Total district expenses	<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>	<u>\$ 8,440,929</u>	<u>\$ 9,391,487</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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program revenues										
Governmental activities										
Charges for services	\$ 1,817,082	\$ 2,112,051	\$ 2,186,689	\$ 2,035,062	\$ 2,365,917	\$ 2,593,739	\$ 3,022,636	\$ 3,322,864	\$ 3,742,800	\$ 4,079,323
Operating grants & contributions	494,030	323,628	340,553	364,725	441,442	361,928	638,950	663,633	964,751	1,302,148
Total governmental activities program revenues	<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>	<u>4,707,551</u>	<u>5,381,471</u>
Business-type activities										
Charges for services										
Special services	7,240	247,770	261,771	219,927	12,938	37,240	23,739	28,513	5,063	18,150
Total business-type activities program revenues	<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>	<u>5,063</u>	<u>18,150</u>
Total district - program revenues	<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>	<u>\$ 4,712,614</u>	<u>\$ 5,399,621</u>
Net (expense) revenues										
Governmental activities	\$ (2,805,826)	\$ (2,444,179)	\$ (2,493,959)	\$ (2,525,641)	\$ (2,934,013)	\$ (3,115,001)	\$ (2,873,308)	\$ (3,469,913)	\$ (3,713,793)	\$ (3,990,306)
Business-type activities	(41,368)	(18,076)	30,839	(14,489)	(5,500)	(6,081)	(25,582)	(3,842)	(14,522)	(1,560)
Total district-wide net expenses	<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>	<u>\$ (3,728,315)</u>	<u>\$ (3,991,866)</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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	\$ 1,520,579	\$ 1,550,979	\$ 1,582,001	\$ 1,613,641	\$ 1,613,641	\$ 1,645,914
Unrestricted grants & contributions	950,744	1,076,462	1,196,567	1,238,248	1,203,807	1,637,854	1,952,665	2,144,208	2,558,526	2,116,842
County of Hunterdon contribution - financing of capital projects	-	(14,819)	-	-	-	-	-	-	-	-
Investment earnings	6,954	2,803	17,472	11,310	12,462	13,055	5,589	20,071	45,867	55,821
Capital grants deobligated	-	-	-	-	-	300,208	-	-	-	-
Miscellaneous income	23,700	24,489	6,957	97,353	15,158	13,248	14,830	25,994	13,603	42,562
Gain (loss) on sale of capital assets	-	-	-	-	(367)	-	-	-	-	(17,414)
Special item - insurance proceeds	-	-	-	-	-	-	99,432	-	-	-
Total governmental activities	<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>	<u>4,231,637</u>	<u>3,843,725</u>
Total district-wide	<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>	<u>\$ 4,231,637</u>	<u>\$ 3,843,725</u>
Change in net position										
Governmental activities	\$ (376,254)	\$ 92,930	\$ 175,211	\$ 269,444	\$ (182,374)	\$ 400,343	\$ 781,209	\$ 334,001	\$ 517,844	\$ (146,581)
Business-type activities	(41,368)	(18,076)	30,839	(14,489)	(5,500)	(6,081)	(25,582)	(3,842)	(14,522)	(1,560)
Total district	<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>	<u>\$ 503,322</u>	<u>\$ (148,141)</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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Restricted	\$ 1,096,559	\$ 1,310,252	\$ 1,866,747	\$ 2,421,401	\$ 2,660,806	\$ 2,396,202	\$ 3,406,978	\$ 4,245,915	\$ 3,512,210	\$ 3,563,117
Committed	74,213	204,288	165,262	132,220	101,217	25,329	965	23,565	830,486	209,342
Assigned	166,000	175,095	127,747	108,515	125,000	362,088	259,411	33,593	200,000	138,651
Unassigned	146,711	174,075	162,714	161,137	185,381	220,871	186,491	225,918	268,078	349,723
Total general fund	<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>	<u>\$ 4,810,774</u>	<u>\$ 4,260,833</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 28,959	\$ -	\$ -	\$ -	\$ -	\$ 698,919	\$ 47	\$ 47	\$ 47	\$ -
Total all other governmental funds	<u>\$ 28,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,919</u>	<u>\$ 47</u>	<u>\$ 47</u>	<u>\$ 47</u>	<u>\$ -</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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
County tax levy	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,448,174	\$ 1,520,579	\$ 1,550,979	\$ 1,582,001	\$ 1,613,641	\$ 1,613,641	\$ 1,645,914
Tuition charges	1,817,082	2,112,051	2,186,689	2,031,562	1,930,521	2,591,174	3,022,636	3,321,725	3,741,198	4,079,323
Interest earnings	6,954	2,803	17,472	11,310	12,462	13,055	5,589	20,071	45,867	55,821
Miscellaneous	29,700	29,349	8,952	202,916	531,562	97,650	201,644	108,035	95,205	189,811
State sources	1,003,063	1,198,220	1,421,405	1,458,565	1,492,498	1,759,636	1,848,314	1,850,155	2,341,047	2,500,904
Federal sources	435,711	197,010	113,720	42,345	53,508	44,603	42,342	58,906	58,900	75,418
<b>Total revenues</b>	<b>4,740,684</b>	<b>4,987,607</b>	<b>5,196,412</b>	<b>5,194,872</b>	<b>5,541,130</b>	<b>6,057,097</b>	<b>6,702,526</b>	<b>6,972,533</b>	<b>7,895,858</b>	<b>8,547,191</b>
<b>Expenditures</b>										
Instruction										
Vocational education	1,371,507	1,420,374	1,444,486	1,326,025	1,571,671	1,704,837	1,861,581	2,107,833	2,529,287	2,618,691
Other instruction	20,963	24,573	36,104	23,981	40,761	31,243	44,054	49,361	25,603	93,895
Support services										
Student & instruction related services	358,572	291,255	273,859	286,526	414,191	400,425	429,317	504,278	552,376	653,065
General administration	302,552	306,637	279,922	302,312	342,303	305,018	298,867	371,693	307,194	407,303
School administration services	149,449	152,417	184,756	206,338	232,579	227,751	256,000	209,971	249,202	333,304
Central services/business	154,283	144,336	148,640	164,837	161,354	148,329	123,321	145,341	158,588	163,047
Plant operations & maintenance	712,615	638,323	625,950	609,790	691,453	774,969	714,078	702,406	1,089,952	1,569,823
Pupil transportation	18,977	17,504	14,470	12,188	15,782	14,076	12,090	14,849	11,965	17,691
Employee benefits	607,212	619,517	604,741	547,990	527,221	560,839	616,554	611,762	672,967	799,261
On-behalf TPAF Pension & Social Security contribution	251,384	241,494	271,816	313,342	277,324	293,713	352,609	376,064	454,731	474,078
Special schools - vocational evening	409,053	370,636	406,267	416,281	451,058	456,292	434,751	434,143	417,457	421,736
Capital outlay	74,795	9,135	78,448	81,800	86,926	57,138	11,065	18,119	142,068	205,203
Capital projects	-	14,162	-	-	-	51,600	720,872	-	-	-
Special revenue funds	494,030	323,628	340,553	364,725	441,442	361,928	638,950	663,633	964,751	1,302,148
Interest & other charges	-	47,529	27,640	37,934	37,934	37,934	37,934	37,934	37,934	37,934
<b>Total expenditures</b>	<b>4,925,392</b>	<b>4,621,520</b>	<b>4,737,652</b>	<b>4,694,069</b>	<b>5,291,999</b>	<b>5,426,092</b>	<b>6,552,043</b>	<b>6,247,387</b>	<b>7,614,075</b>	<b>9,097,179</b>

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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Excess (deficiency) of revenues over (under) expenditures	\$ (184,708)	\$ 366,087	\$ 458,760	\$ 500,803	\$ 249,131	\$ 631,005	\$ 150,483	\$ 725,146	\$ 281,783	\$ (549,988)
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	\$ (184,708)	\$ 351,268	\$ 458,760	\$ 500,803	\$ 249,131	\$ 631,005	\$ 150,483	\$ 675,146	\$ 281,783	\$ (549,988)
Total non-capital expenditures	\$ 4,850,597	\$ 4,550,694	\$ 4,631,564	\$ 4,574,335	\$ 5,167,139	\$ 5,279,420	\$ 5,782,172	\$ 6,191,334	\$ 7,434,073	\$ 8,854,042

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay.

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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tuition	\$ 1,817,082	\$ 2,112,051	\$ 2,186,689	\$ 2,031,562	\$ 2,271,525	\$ 2,591,174	\$ 3,022,636	\$ 3,321,725	\$ 3,741,198	\$ 4,079,323
Interest income	6,876	2,781	17,472	11,310	12,462	13,055	14,221	20,071	45,867	55,821
Prior year refunds	1,941	23,980	6,322	96	660	4,266	2,600	7,353	9,095	24,465
E-rate	4,465	-	-	6,050	8,328	2,769	-	8,200	-	-
Parking permits	-	-	-	-	-	-	-	1,255	435	245
Accounts payable canceled	4,449	91	-	89,755	-	-	-	-	-	-
Outstanding checks canceled	-	-	-	352	-	-	-	-	-	-
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	1,250	8,326
Contributions	-	-	-	-	2,500	-	-	-	-	-
Fund 20 adjustment	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	1,602	-
New Jersey anti-bullying aid	-	-	369	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-	-	2,823	9,526
Sale of surplus equipment & materials	-	-	-	1,100	1,000	2,524	-	-	-	-
<b>Annual totals</b>	<b>\$ 1,847,658</b>	<b>\$ 2,139,321</b>	<b>\$ 2,211,118</b>	<b>\$ 2,143,725</b>	<b>\$ 2,375,302</b>	<b>\$ 2,620,042</b>	<b>\$ 3,043,055</b>	<b>\$ 3,368,929</b>	<b>\$ 3,802,270</b>	<b>\$ 4,177,706</b>

Source: District Records

See independent auditors' report.

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

Assessment Year	Net Assessed Values	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
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	19,630,486,559	21,425,650,636	91.62%
2018	19,679,306,223	21,490,270,452	91.57%
2019	19,797,395,052	21,727,913,700	91.12%

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)
2010	127,319	\$ 8,914,621,742	\$ 70,018	7.0%
2011	127,314	9,154,003,914	71,901	6.9%
2012	126,596	9,514,575,572	75,157	7.1%
2013	126,381	9,468,464,520	74,920	5.9%
2014	125,847	9,871,312,833	78,439	4.7%
2015	125,396	10,135,382,492	80,827	4.1%
2016	124,668	10,370,008,908	83,181	3.8%
2017	124,628	10,791,413,892	86,589	3.5%
2018	124,714	N/A	N/A	3.3%
2019	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**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Function/Program										
Instruction	24.0	21.0	17.7	17.0	16.0	15.6	17.2	17.6	16.6	18.8
Health services										
Students & related services	5.0	2.9	3.6	3.6	7.0	6.0	6.0	6.5	7.7	7.2
General administration	2.2	2.3	1.8	1.8	2.0	2.0	1.8	1.8	1.8	2.0
School administration services	3.0	1.5	1.9	1.9	2.0	2.0	2.7	2.7	2.7	2.8
Business office	2.7	2.1	2.1	2.1	3.0	2.3	1.5	1.0	1.0	1.5
Other support staff	2.5	2.1	2.6	2.6	3.0	4.2	1.0	1.0	1.0	-
Plant operations & maintenance	2.4	2.5	2.5	2.5	2.0	2.9	2.9	0.9	0.9	0.9
Pupil transportation	0.1	0.1	0.1	0.1	-	0.1	0.1	0.1	0.1	0.1
Total	<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>	<u>31.8</u>	<u>33.3</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
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%
2018	357.0	7,016,616	19,657	1.30%	16.6	1 to 21.50	357.0	343.0	20.31%	96.08%
2019	403.7	8,432,306	20,888	6.26%	16.6	1 to 24.10	403.7	387.6	13.10%	96.01%

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.
- (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>
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
2018	440,929	440,929
2019	280,966	280,966
Total school facilities	<u>\$ 1,121,641</u>	<u>\$ 1,121,641</u>

Note: 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, 2019**  
**(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
Automobile Liability	5,000,000
Premise Pollution Liability	1,000,000
Crime & Fidelity	500,000
Student Accident - Bollinger Specialty	1,000,000
Public Employees' Faithful Performance - Selective Insurance	
Business Administrator's Bond	142,000
School Leaders Professional Liability - School Alliance Insurance Fund	5,000,000
Beautician Liability - Arch Insurance Company	
Each Incident	1,000,000
Aggregate	1,000,000
Health Care Facility Liability - Princeton Insurance Co	
Each Incident	1,000,000
Aggregate	3,000,000

Source: District Records

See independent auditors' report.

**SINGLE AUDIT SECTION**



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**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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2019.

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.



**BKC, CPAs, PC**



Michael A. Holk, CPA, PSA  
NO. 20CS00265600

December 2, 2019  
Flemington, New Jersey





Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the  
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 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, 2019. The 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' 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 prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, and the 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 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 year ended June 30, 2019.

### Report on Internal Control Over Compliance

Management of the 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 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 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



**BKC, CPAs, PC**



Michael A. Holk, CPA, PSA  
NO. 20CS00265600

December 2, 2019  
Flemington, New Jersey

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

Grantor/Program Title	Federal	Project	Program	Grant	Balance	Carryover	Cash	Budgetary	Adjust-	Repayment	Balance June 30, 2019			
	CFDA										Number	or Award	Period	06/30/18
	Number	Number	Number	Amount	From	To					Balance	Receivable	Revenue	Grantor
U.S. Department of Education passed through State Department of Education														
Special revenue fund														
ESSA Title I A	84.010A	S010S180030	ESSA-2308-19	\$ 7,145	07/01/18	06/30/19	\$ -	\$ -	\$ 7,145	\$ 7,145	\$ -	\$ -	\$ -	\$ -
ESSA Title II A	84.367A	S367A180029	ESSA-2308-19	4,546	07/01/18	06/30/19	-	-	4,546	4,546	-	-	-	-
ESSA Title IV	84.424	S424A180031	ESSA-2308-19	10,000	07/01/18	06/30/19	-	-	10,000	10,000	-	-	-	-
Carl D Perkins														
Secondary	84.048A	S048A180030	PERK-2308-19	35,465	07/01/18	06/30/19	-	-	35,465	35,465	-	-	-	-
Secondary - reserve	84.048A	S048A180030	PERK-2308-19	18,262	07/01/18	06/30/19	-	-	18,262	18,262	-	-	-	-
Total special revenue fund							-	-	75,418	75,418	-	-	-	-
Total federal financial assistance							\$ -	\$ -	\$ 75,418	\$ 75,418	\$ -	\$ -	\$ -	\$ -

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, 2019**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2018		Cash Received	Budgetary Expenditure	Adjustments/Repayments	Balance June 30, 2019			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	19-495-034-5120-089	\$ 158,471	07/01/18	06/30/19	\$ -	\$ -	\$ 143,268	\$ 158,471	\$ -	\$ -	\$ -	\$ -	\$ 15,203	\$ 158,471
Equalization aid	19-495-034-5120-078	241,040	07/01/18	06/30/19	-	-	217,915	241,040	-	-	-	-	23,125	241,040
Security aid	19-495-034-5120-084	31,411	07/01/18	06/30/19	-	-	28,398	31,411	-	-	-	-	3,013	31,411
Adjustment aid	19-495-034-5120-085	502,361	07/01/18	06/30/19	-	-	454,167	502,361	-	-	-	-	48,194	502,361
On behalf TPAF Pension contribution - teachers' pension & annuity fund	19-495-034-5094-002	242,766	07/01/18	06/30/19	-	-	242,766	242,766	-	-	-	-	-	242,766
On behalf TPAF Pension contribution - non-contributory insurance	19-495-034-5094-004	5,082	07/01/18	06/30/19	-	-	5,082	5,082	-	-	-	-	-	5,082
On behalf TPAF Pension contribution - post retirement medical	19-495-034-5094-001	112,423	07/01/18	06/30/19	-	-	112,423	112,423	-	-	-	-	-	112,423
On behalf TPAF Pension contribution - long-term disability insurance	19-495-034-5094-001	459	07/01/18	06/30/19	-	-	459	459	-	-	-	-	-	459
Reimbursed TPAF Social Security contribution	19-495-034-5094-003	113,348	07/01/18	06/30/19	-	-	113,348	113,348	-	-	-	-	-	113,348
Total general fund					-	-	1,317,826	1,407,361	-	-	-	-	89,535	1,407,361
Special revenue fund														
Apprenticeship coordinator - Somerset	18-100-034-5062-032	15,000	07/01/17	06/30/18	(7,167)	-	7,167	-	-	-	-	-	-	15,000
Apprenticeship coordinator - Somerset	19-100-034-5062-032	15,900	07/01/18	06/30/19	-	-	10,264	15,779	-	(5,515)	-	-	-	15,900
Apprenticeship coordinator - Hunterdon	18-100-034-5062-032	10,000	07/01/17	06/30/18	(4,456)	-	4,456	-	-	-	-	-	-	10,000
Apprenticeship coordinator - Hunterdon	19-100-034-5062-032	10,600	07/01/18	06/30/19	-	-	7,121	10,450	-	(3,329)	-	-	-	10,600
County vocational comp - computers	15E00147	590,096	04/01/15	06/30/18	(184,403)	-	184,403	-	-	-	-	-	-	551,253
County vocational comp - biomedical	16E00140	600,000	03/01/16	06/30/19	(54,005)	-	181,562	143,678	-	(16,121)	-	-	-	600,000
County vocational comp - environment	17VE02G06	330,000	04/15/17	06/30/20	(65,633)	-	179,115	117,211	-	(3,729)	-	-	-	261,504
County vocational comp - heavy equipment	18E00135	500,000	07/01/17	06/30/18	-	-	347,019	361,568	-	(14,549)	-	-	-	361,568
Perkins postsecondary	19-100-034-5062-032	94,295	07/01/18	06/30/19	-	-	94,295	94,295	-	-	-	-	-	94,295
NJBUILD incarcerated women in construction	NJBInc-1601	300,000	06/01/18	05/31/19	-	-	193,940	287,966	-	(94,026)	-	-	-	287,966
NJBUILD incarcerated women in construction	NJBInc-1601	200,000	06/30/16	06/29/18	(43,889)	-	44,757	868	-	-	-	-	-	187,742
Total special revenue fund					(359,553)	-	1,254,099	1,031,815	-	(137,269)	-	-	-	2,395,828
Total state financial assistance					\$ (359,553)	\$ -	\$ 2,571,925	2,439,176	\$ -	\$ (137,269)	\$ -	\$ -	\$ 89,535	\$ 3,803,189
Less: On behalf TPAF Pension system contributions								(360,730)						
Total for state financial assistance - major program determination								\$ 2,078,446						

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2019**

Note 1 - General

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

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting. These bases of accounting are described in Notes 1(C) and 1(D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

The basic 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the 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 \$14,062 for the general fund and \$47,489 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 Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2019**

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's Basic Financial Statements on a GAAP basis as follows:

	Local	Federal	State	Total
General fund	\$ -	\$ -	\$ 1,421,423	\$ 1,421,423
Special revenue fund	147,249	75,418	1,079,481	1,302,148
Total awards and financial assistance	\$ 147,249	\$ 75,418	\$ 2,500,904	\$ 2,723,571

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2019. 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, 2019.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs - Section I  
For the Fiscal Year Ended June 30, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. 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, 2019**

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?  Yes  No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified?  Yes  No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses?  Yes  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  No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
<i>19-495-034-5120-089</i>	<i>State Aid Public Cluster:</i>
<i>19-495-034-5120-078</i>	<i>Special Education Categorical Aid</i>
<i>19-495-034-5120-084</i>	<i>Equalization Aid</i>
<i>19-495-034-5120-085</i>	<i>Security Aid</i>
	<i>Adjustment Aid</i>

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs - Section II and III  
For the Fiscal Year Ended June 30, 2019**

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2019.

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, 2019.

**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, 2019**

Status of Prior Year Findings

There were no prior year findings or questioned costs.