

**HUNTERDON COUNTY VOCATIONAL  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2021**

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



# HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

### TABLE OF CONTENTS

	<u>Page</u>
Introduction Section	
Letter of Transmittal	1 - 4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
Financial Section	
Independent Auditors' Report	8 - 10
<b>Required Supplementary Information - Part I</b>	
Management's Discussion and Analysis	11 - 19
Basic Financial Statements	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	20 - 21
A-2 Statement of Activities	22
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	23 - 24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25 - 26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds	
B-4 Statement of Net Position	28
B-5 Statement of Revenues, Expenses, and Changes in Net Position	29
B-6 Statement of Cash Flows	30
Fiduciary Funds	
B-7 Statement of Net Position	N/A
B-8 Combining Statement of Changes in Net Position	N/A
Notes to the Financial Statements	31 - 62

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2021**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>Required Supplementary Information - Part II</b>	
C. Budgetary Comparison Schedules	
C-1 General Fund - Budgetary Comparison Schedule	63 - 70
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Special Revenue Fund - Budgetary Comparison Schedule	71 - 72
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	73
<b>Required Supplementary Information - Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	74
L-2 Schedule of District's Contributions - Public Employees Retirement System	75
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund	76
L-4 Schedule of District's Contributions - Teacher's Pension and Annuity Fund	77
M. Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits (GASB 75)	
M-1 Schedule of the District's Proportionate Share of the Net Other Postemployment Employee Benefits Liability	78
Notes to the Required Supplementary Information - Part III	79

# HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

### TABLE OF CONTENTS (continued)

	<u>Page</u>
<b>Other Supplementary Information</b>	
D. School Based Budget Schedules	N/A
Combining and Individual Non-Major Fund Financial Statements	
E. Special Revenue Fund	
E-1 Combining Schedule of Revenue and Expenditures - Budgetary Basis	80 - 81
E-2 Schedule of Preschool Education Aid Expenditure	N/A
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance	N/A
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	N/A
G. Proprietary Funds	
Enterprise Fund	
G-1 Statement of Net Position	N/A
G-2 Statement of Revenues, Expenses, and Changes in Net Position	N/A
G-3 Statement of Cash Flows	N/A
H. Fiduciary Funds	N/A
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund - Budgetary Comparison Schedule	N/A
Statistical Section	
J. Statistical Section	
J-1 Net Position by Component	82
J-2 Changes in Net Position	83 - 85
J-3 Fund Balances - Governmental Funds	86
J-4 Changes in Fund Balances - Governmental Funds	87 - 88
J-5 General Fund - Other Local Revenues by Source	89
J-6 Assessed Value and Actual Value of Taxable Property	90
J-7 Demographic and Economic Statistics	91
J-8 Full Time Equivalent District Employees by Function/Program	92
J-9 Operating Statistics	93
J-10 Schedule of Required Maintenance Expenditures by School Facility	94

# HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

### TABLE OF CONTENTS (continued)

	<u>Page</u>
J. Statistical Section (continued)	
J-11 Insurance Schedule	95
Single Audit Section	
K. Single Audit Section	
K-1 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	96 - 97
K-2 Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control Over Compliance Required by the New Jersey OMB Circular Letter 15-08.	98 - 100
K-3 Schedule of Expenditures of Federal Awards, Schedule A	101
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	102 - 103
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	104 - 105
K-6 Schedule of Findings and Questioned Costs	106 - 108
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	108



**Dr. Todd G. Bonsall, Ed.D., Superintendent**  
**Ashley Sanguiliano, Business Administrator**  
**District Board Office**  
**10 Junction Road**  
**Flemington, NJ 08822**  
**908-284-1444**  
**908-806-4839 Fax**

February 9, 2022

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Hunterdon County Vocational Board School District (HCVSD) for the fiscal year ended June 30, 2021 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 Annual Comprehensive 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. ECONOMIC CONDITION AND OUTLOOK:** The Hunterdon County Vocational Board of Education recognizes the continuously changing financial environment of providing education in the State of New Jersey. In 2008, the School Funding Reform Act provided the formula for determining the necessary state aid and local funding to educate all New Jersey public school children. Over the past several years, this formula has changed, and the Hunterdon County Vocational School District has not received an increase in state aid since the 2018-2019 school year. Additional funding for the Hunterdon County Vocational School District comes from tuition paid by the sending districts. The district has worked to ensure fair tuition rates and annual increases for the sending districts, recognizing the financial environment throughout the State of New Jersey for all school districts. Lastly, due to the financial constraints mentioned above, the district consistently works to obtain grants to continue to develop and implement vocational programs and services. These grants include Perkins Secondary, Perkins Secondary Reserve, Perkins Post-Secondary, Individuals with Disabilities Education Act (IDEA), Elementary and Secondary Education Act (ESEA), Youth Transitions to Work (YTTW) and Workforce Innovative Opportunity Act (WIOA).

**3. MAJOR INITIATIVES:** The Hunterdon County Vocational School District plans to continue initiating new programs to meet the needs of the changing economy. However, the district recognizes the need for additional space to expand the program offering. Through the award of the Securing our Children's Future Bond Act grant, the district is working towards building a new campus on the North Hunterdon High School site. The new campus would allow the district to vacate the Bartles Corner rental property and renovate the Central Campus to accommodate the relocation of programs.

**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.

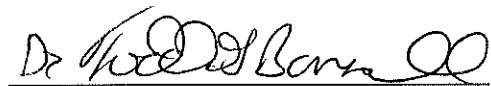
**7. RISK MANAGEMENT:** The Board carried various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Refer to the insurance schedule for more information.

**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.

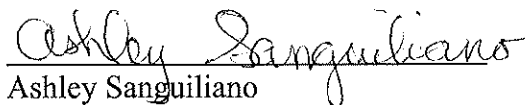


**9. ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Hunterdon County Vocational District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the 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,



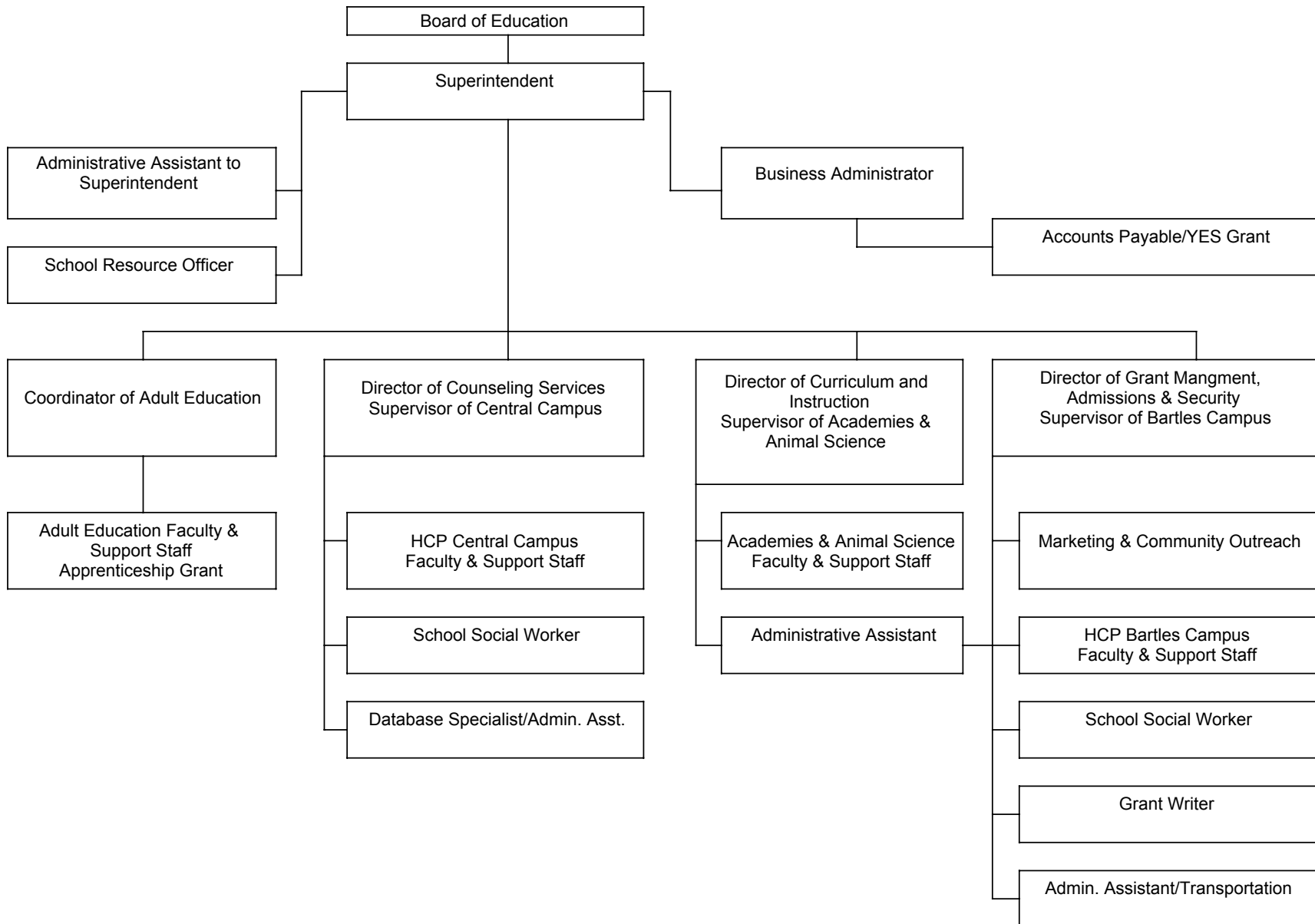
Dr. Todd Bonsall  
Superintendent



Ashley Sanguiliano  
Business Administrator/Board Secretary

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT  
ORGANIZATIONAL CHART**

**2021**



**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Flemington, New Jersey**  
**Roster of Officials**  
**June 30, 2021**

<b>Members of the Board of Education</b>	<b>Title</b>	<b>Term Expires</b>
Elizabeth Martin	President	2023
Kevin Gilman	Vice-President	2022
Lenore Cortina Ed.D		2021
Howard J. Opdyke, II		2021
John Phillips		2021
John King		2022
Juan Torres	Interim Co. Ex. Superintendent	No Term

<b>Other Officials</b>	<b>Title</b>
Dr. Todd Bonsall	Superintendent
Corinne Steinmetz	Board Secretary/ School Business Administrator
The Vex & Gage Labor & Employment Law Firm, LLC	Solicitor
Shaun Van Doren	Freeholder Liaison

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Flemington, New Jersey**  
**Consultants and Advisors**  
**June 30, 2021**

**AUDIT FIRM**

BKC, CPAs, PC  
39 State Route 12, Ste 2  
Flemington, NJ 08822

**ATTORNEY**

Howard A. Vex, Esq.  
The Vex Labor & Employment Law Firm, LLC  
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)

---

## Independent Auditors' Report

Honorable President and  
Members of the Board of Education  
Hunterdon County Vocational School District  
Flemington 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 fiscal year ended June 30, 2021, 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, 2021, 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.

### Change in Accounting Principle

The District adopted new accounting guidance as promulgated by GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### 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 February 9, 2022 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

February 9, 2022  
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, 2021**  
**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 fiscal year ended June 30, 2021. 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.

The 2020-21 school year saw another great year for district growth as the district continues to enhance full-time academies. 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. As a result, the district has plans to continue to expand their full-time programs.

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. Todd Bonsall has continued to develop and maintain a strong collaboration with the sending districts. The district is fortunate to experience an increase in enrollment due to the progression of the 4-year full-time academies and the full-time Animal Science program. The Superintendent has developed a plan to expand full-time opportunities for Hunterdon County students through a collaborative effort with North Hunterdon/Voorhees School District whereby a HCVSD school is built on North Hunterdon's campus. As this partnership would allow HCVSD to vacate the rental property located at Bartles Corner, the district plans to relocate some of the programs from the Bartles Corner campus to the Central campus. Renovations are planned for the Central campus to accommodate those additional programs in the future. The district has also ramped up its marketing and community outreach efforts. In addition, the Adult Education program has begun the process to become accredited by the Middle States Association, which will ultimately allow postsecondary students to access federal financial aid hence removing barriers to be retrained and upskilled.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

**Financial Highlights**

Key financial highlights for 2021 are as follows:

- General revenues accounted for \$4,437,276 in revenue, or 46.0% of all revenues. Program specific revenues in the form of charges for services, (including tuition) and operating and capital grants accounted for \$5,209,758 or 54.0% of total revenues of \$9,647,034.
- The School District has \$10,349,302 in expenses; only \$5,209,758 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 \$8,135,873 in revenues and \$8,632,451 in expenditures. The general fund's balance decreased by \$296,578 from the previous year.

**Using this Annual Comprehensive Financial Report (ACFR)**

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 2021?" 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**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

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.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**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 2021 compared to 2020.

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

	06/30/21	06/30/20	Variance	
			Dollars	Percent
<b>Assets</b>				
Current & other assets	\$ 4,300,586	\$ 4,784,856	\$ (484,270)	-10.12%
Capital assets	10,450,008	10,658,383	(208,375)	-1.96%
Total assets	14,750,594	15,443,239	(692,645)	-4.49%
<b>Deferred pension activity</b>				
Deferred outflow of resources	627,530	685,798	(58,268)	-8.50%
<b>Liabilities</b>				
Long-term liabilities	1,639,908	1,668,688	(28,780)	-1.72%
Other liabilities	130,196	92,852	37,344	40.22%
Total liabilities	1,770,104	1,761,540	8,564	0.49%
<b>Deferred pension activity</b>				
Deferred inflow of resources	872,423	924,502	(52,079)	-5.63%
<b>Net position</b>				
Net investment in capital assets	10,450,008	10,658,383	(208,375)	-1.96%
Restricted	3,380,026	3,403,267	(23,241)	-0.68%
Unrestricted	(1,094,437)	(618,655)	(475,782)	76.91%
Total net position	\$ 12,735,597	\$ 13,442,995	\$ (707,398)	-5.26%

Current assets have decreased \$484,270 and unrestricted net position has decreased \$475,782.

The negative balance in unrestricted net position is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

Table 2 shows the changes in net position for the fiscal year ended June 30, 2021 compared to June 30, 2020.

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

	06/30/2021	06/30/2020	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 4,818,048	\$ 4,484,354	\$ 333,694	7.44%
Operating grants	391,710	494,236	(102,526)	-20.74%
General revenues				
County taxes	1,678,832	1,678,832	-	0.00%
Unrestricted grants	2,747,336	1,988,028	759,308	38.19%
Investment income	5,297	36,628	(31,331)	-85.54%
Other	5,811	25,654	(19,843)	-77.35%
Total revenues	<u>9,647,034</u>	<u>8,707,732</u>	<u>939,302</u>	<u>10.79%</u>
Program expenses				
Instruction				
Regular	5,862,671	4,810,637	1,052,034	21.87%
Special	130,538	110,092	20,446	18.57%
Other	44,773	69,370	(24,597)	-35.46%
Support services				
Student & instructional related services	1,089,996	1,081,955	8,041	0.74%
General & business administration	613,378	627,716	(14,338)	-2.28%
School administration	786,527	714,131	72,396	10.14%
Maintenance	1,113,424	1,134,052	(20,628)	-1.82%
Transportation	264,543	121,737	142,806	117.31%
Special schools	37,934	37,934	-	0.00%
Special services	405,210	406,508	(1,298)	-0.32%
Interest and other charges	308	22,538	(22,230)	-98.63%
Total expenses	<u>10,349,302</u>	<u>9,136,670</u>	<u>1,212,632</u>	<u>13.27%</u>
Increase (decrease) in net position before special items	<u>(702,268)</u>	<u>(428,938)</u>	<u>(273,330)</u>	<u>63.72%</u>
Special item				
Gain/(loss) on disposal of assets	<u>(5,130)</u>	<u>(8,750)</u>	<u>3,620.00</u>	<u>-41.37%</u>
Increase (decrease) in net position	<u><u>\$ (707,398)</u></u>	<u><u>\$ (437,688)</u></u>	<u><u>\$ (269,710)</u></u>	<u><u>61.62%</u></u>

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

**Governmental Activities**

County taxes made up 17.40% of revenues for governmental funds for fiscal year 2021. The district's total revenues for governmental funds were \$8,565,840 for the fiscal year ended June 30, 2021. Tuition revenue in a total amount of \$4,777,715 accounted for 55.78% 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 \$2,100 and operating expenses of \$308 resulting in a net gain of \$1,792 for fiscal year 2021.

**Governmental Activities**

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

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

	Total Cost of Services		Net Cost of Services	
	06/30/21	06/30/20	06/30/21	06/30/20
Instruction	\$ 6,037,982	\$ 4,990,099	\$ 1,211,560	\$ 483,334
Support services				
Student & instructional related services	1,089,996	1,081,955	885,768	950,433
General & business administration	613,378	627,716	613,378	627,716
School administration	786,527	714,131	786,527	714,131
Plant operations & maintenance	1,113,424	1,134,052	1,113,424	1,134,052
Pupil transportation	264,543	121,737	264,543	121,737
Interest and other charges	37,934	37,934	37,934	37,934
Special schools	405,210	406,508	228,202	83,658
Customized training	308	22,538	(1,792)	5,085
<b>Total</b>	<b>\$ 10,349,302</b>	<b>\$ 9,136,670</b>	<b>\$ 5,139,544</b>	<b>\$ 4,158,080</b>

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

Pupils and instructional services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

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 and Expenditures**

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 76.89% continues to be from local sources including tax levy, outside tuition, and miscellaneous revenues. State aid and federal aid represents about 23.12% of the total revenues.

The following schedule represents a summary of the revenues and expenditures of the general and special revenue funds for the fiscal year ended June 30, 2021.

Revenue	<u>Amount</u>	<u>Percent of Total</u>
Local sources	\$ 6,586,038	76.89%
State sources	1,845,609	21.55%
Federal sources	134,193	1.56%
<b>Total</b>	<u><u>\$ 8,565,840</u></u>	<b>100.00%</b>
Expenditures	<u>Amount</u>	<u>Percent of Total</u>
Current		
Instruction	\$ 4,389,271	48.29%
Undistributed expenditures	3,986,828	43.86%
Capital outlay	279,416	3.07%
Interest and other charges	37,934	0.42%
Adult vocational	395,797	4.35%
<b>Total</b>	<u><u>\$ 9,089,246</u></u>	<b>100.00%</b>

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

**General Fund Budgeting Highlights**

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

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

During the course of fiscal year, 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 \$784,001 under the original budgeted estimates of \$8,184,915. This difference was due primarily to a short fall in tuition revenue, interest and miscellaneous income.

**Capital Assets**

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2021 with a comparison to 2020.

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

	06/30/21	06/30/20	Variance	
			Dollars	Percent
Land	\$ 1,129,855	\$ 1,129,855	\$ -	0.00%
Construction in progress	42,829	-	42,829	*
Land improvement	45,256	32,715	12,541	38.33%
Buildings & improvements	8,131,470	8,323,832	(192,362)	-2.31%
Furniture & equipment	1,100,598	1,169,192	(68,594)	-5.87%
Vehicles	-	2,789	(2,789)	-100.00%
<b>Total</b>	<b>\$ 10,450,008</b>	<b>\$ 10,658,383</b>	<b>\$ (208,375)</b>	<b>-1.96%</b>

\* - Undefined



**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**Unaudited**

**For the Future**

Space is still the dominant problem facing HCVSD. Initiating new and emerging programs to meet the need of a changing economy present tremendous challenges in terms of space and revenue. For the past several years and again for the 2021-22 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 fortune 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.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, and taxpayers, with a general overview of the School District's finances and to show the School Districts accountability for the money it receives. If you have questions about this report or need additional information contact the Office of the School Business Administrator, Hunterdon County Vocational School District, 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, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 674,966	\$ 178,839	\$ 853,805
Receivables, net	54,322	-	54,322
Other assets	10,000	-	10,000
<b>Restricted assets</b>			
Capital reserve - cash	2,746,393	-	2,746,393
Maintenance reserve - cash	340,100	-	340,100
Scholarships - cash	18,245	-	18,245
Student activities - cash	215,484	-	215,484
Unemployment claims - cash	62,237	-	62,237
<b>Capital assets, net</b>			
Land	1,129,855	-	1,129,855
Construction in progress	42,829	-	42,829
Other capital assets, net of depreciation	9,277,324	-	9,277,324
<b>Total assets</b>	<b>14,571,755</b>	<b>178,839</b>	<b>14,750,594</b>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	627,530	-	627,530
<b>Liabilities</b>			
Accounts payable	11,006	-	11,006
Payroll deductions and withholdings payable	91,892	-	91,892
Unearned revenue	24,865	-	24,865
Unemployment compensation claims payable	2,433	-	2,433
<b>Long-term liabilities</b>			
Due beyond one year	1,639,908	-	1,639,908
<b>Total liabilities</b>	<b>1,770,104</b>	<b>-</b>	<b>1,770,104</b>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	872,423	-	872,423

See accompanying notes to financial statements.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Statement of Net Position (continued)**  
**June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 10,450,008	\$ -	\$ 10,450,008
Restricted for			
Capital reserve	2,746,393	-	2,746,393
Maintenance reserve	340,100	-	340,100
Scholarships	18,245	-	18,245
Student activities	215,484	-	215,484
Unemployment claims	59,804	-	59,804
Unrestricted	(1,273,276)	178,839	(1,094,437)
 Total net position	 \$ 12,556,758	 \$ 178,839	 \$ 12,735,597

See accompanying notes to financial statements.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2021**

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	\$ 4,283,414	\$ 1,579,257	\$ 4,600,707	\$ 216,186	\$ -	\$ (1,045,778)	\$ -	\$ (1,045,778)
Special education	65,838	64,700	-	-	-	(130,538)	-	(130,538)
Other instruction	40,019	4,754	-	9,529	-	(35,244)	-	(35,244)
Support services								
Students and instruction related services	1,032,017	57,979	38,233	165,995	-	(885,768)	-	(885,768)
General and business administration services	571,114	42,264	-	-	-	(613,378)	-	(613,378)
School administration services	506,501	280,026	-	-	-	(786,527)	-	(786,527)
Plant operations and maintenance	1,114,351	(927)	-	-	-	(1,113,424)	-	(1,113,424)
Pupil transportation	5,971	258,572	-	-	-	(264,543)	-	(264,543)
Special schools	395,797	9,413	177,008	-	-	(228,202)	-	(228,202)
Interest on long-term debt	37,934	-	-	-	-	(37,934)	-	(37,934)
Total governmental activities	<u>8,052,956</u>	<u>2,296,038</u>	<u>4,815,948</u>	<u>391,710</u>	<u>-</u>	<u>(5,141,336)</u>	<u>-</u>	<u>(5,141,336)</u>
Business-type activities								
Special services	308	-	2,100	-	-	-	1,792	1,792
Total business-type activities	<u>308</u>	<u>-</u>	<u>2,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,792</u>	<u>1,792</u>
Total primary government	<u>\$ 8,053,264</u>	<u>\$ 2,296,038</u>	<u>\$ 4,818,048</u>	<u>\$ 391,710</u>	<u>\$ -</u>	<u>(5,141,336)</u>	<u>1,792</u>	<u>(5,139,544)</u>
			General revenues, special items and transfers					
						1,678,832	-	1,678,832
						2,747,336	-	2,747,336
						5,297	-	5,297
						5,811	-	5,811
						200,000	(200,000)	-
						(5,130)	-	(5,130)
						<u>4,632,146</u>	<u>(200,000)</u>	<u>4,432,146</u>
						(509,190)	(198,208)	(707,398)
						<u>13,065,948</u>	<u>377,047</u>	<u>13,442,995</u>
						<u>\$ 12,556,758</u>	<u>\$ 178,839</u>	<u>\$ 12,735,597</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, 2021**

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 674,966	\$ -	\$ -	\$ 674,966
Due from other funds	8,525	-	-	8,525
Receivables from other governments				
State	13,970	33,456	-	47,426
Other	6,896	-	-	6,896
Security deposit	10,000	-	-	10,000
Restricted cash and cash equivalents	3,148,730	233,729	-	3,382,459
<b>Total assets</b>	<u><u>\$ 3,863,087</u></u>	<u><u>\$ 267,185</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,130,272</u></u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Due to other funds	\$ -	\$ 8,525	\$ -	\$ 8,525
Accounts payable	10,940	66	-	11,006
Payroll deductions and withholdings payable	91,892	-	-	91,892
Unearned revenue	-	24,865	-	24,865
Unemployment compensation claims payable	2,433	-	-	2,433
<b>Total liabilities</b>	<u><u>105,265</u></u>	<u><u>33,456</u></u>	<u><u>-</u></u>	<u><u>138,721</u></u>

See accompanying notes to financial statements.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2021**

	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	\$ 195,819	\$ -	\$ -	\$ 195,819
Capital reserve	2,746,393	-	-	2,746,393
Maintenance reserve	340,100	-	-	340,100
Scholarships	-	18,245	-	18,245
Student activities	-	215,484	-	215,484
Unemployment claims	59,804	-	-	59,804
Committed fund balance				
Encumbrances	60,398	-	-	60,398
Unassigned fund balance	355,308	-	-	355,308
Total fund balances	3,757,822	233,729	-	3,991,551
 Total liabilities and fund balances	 \$ 3,863,087	 \$ 267,185	 \$ -	

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 \$15,453,968 and the accumulated depreciation is \$5,003,960.	10,450,008
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(244,893)
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.	(1,639,908)
Total net position of governmental activities	\$ 12,556,758

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, 2021**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Local sources				
County tax levy	\$ 1,678,832	\$ -	\$ -	\$ 1,678,832
Tuition charges				
Individuals	177,008	-	-	177,008
Other LEAs	4,600,707	-	-	4,600,707
Interest on investments	5,273	24	-	5,297
Miscellaneous	5,811	118,383	-	124,194
Total local sources	6,467,631	118,407	-	6,586,038
State sources	1,668,242	177,367	-	1,845,609
Federal sources	-	134,193	-	134,193
<b>Total revenues</b>	<b>8,135,873</b>	<b>429,967</b>	<b>-</b>	<b>8,565,840</b>
<b>Expenditures</b>				
Current				
Instructional				
Regular instruction	4,194,818	88,596	-	4,283,414
Special education instruction	65,838	-	-	65,838
Other instruction	30,490	9,529	-	40,019
Support service & undistributed costs				
Student & instruction related services	800,937	231,080	-	1,032,017
General & business administrative services	571,114	-	-	571,114
School administrative services	506,501	-	-	506,501
Plant operations & maintenance	1,114,351	-	-	1,114,351
Pupil transportation	5,971	-	-	5,971
Unallocated benefits	734,959	21,915	-	756,874

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, 2021**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Expenditures (cont'd)				
Capital outlay	\$ 173,741	\$ 105,675	\$ -	\$ 279,416
Debt service				
Interest & other charges	37,934	-	-	37,934
Special schools	395,797	-	-	395,797
Total expenditures	<u>8,632,451</u>	<u>456,795</u>	<u>-</u>	<u>9,089,246</u>
Excess (deficit) of revenues over (under) expenditures	(496,578)	(26,828)	-	(523,406)
Other financing sources (uses)				
Transfers	200,000	-	-	200,000
Total other financing sources (uses)	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Net change in fund balance	(296,578)	(26,828)	-	(323,406)
Fund balances, July 1 (as restated)	<u>4,054,400</u>	<u>260,557</u>	<u>-</u>	<u>4,314,957</u>
Fund balances, June 30	<u>\$ 3,757,822</u>	<u>\$ 233,729</u>	<u>\$ -</u>	<u>\$ 3,991,551</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, 2021**

Total net changes in fund balances - governmental fund (from B-2) \$ (323,406)

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

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

Capital outlays	\$ 279,416	
Depreciation expense	(482,661)	
Loss on disposal of assets	<u>(5,130)</u>	(208,375)

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. 45,259

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. (22,668)

Change in net position of governmental activities \$ (509,190)

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2021**

	<u>Special Services</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 178,839
Total assets	<u>178,839</u>
Net position	
Unrestricted	<u>178,839</u>
Total net position	<u><u>\$ 178,839</u></u>

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, 2021**

	Special Services
Operating revenues	
Charges for services	
Program fees	\$ 2,100
Operating expenses	
Supplies and materials	308
Total operating expenses	308
Other financing sources (uses)	
Transfer out	(200,000)
Change in net position	(198,208)
Net position, beginning	377,047
Net position, ending	\$ 178,839

See accompanying notes to financial statements.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2021**

	Special Services
Cash flows from operating activities	
Receipts from customers (net)	\$ 2,100
Payments to vendors (net)	(308)
Net cash provided by (used for) operating activities	1,792
Cash flows from financing activities	
Transfer out	(200,000)
Net increase (decrease) in cash and cash equivalents	(198,208)
Cash and cash equivalents, beginning	377,047
Cash and cash equivalents, ending	\$ 178,839
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ 1,792
Net cash provided by (used for) operating activities	\$ 1,792

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, 2021 of 468 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)

B. Government-wide and fund financial statements (continued)

During the year ended June 30, 2021, the District implemented the provisions detailed in GASB Statement No. 84, *Fiduciary Activities*. Based on a review of the financial records, the District has no funds that meet the criteria of a fiduciary fund.

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.

**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)

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.

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.

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are 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.

*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. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities. Amounts maintained for private purpose scholarship accounts are utilized for scholarship awards to qualifying students.

**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)

*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.

*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.

**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)

Fiduciary fund types

As stated in Note 1 (B), the district does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No 84, *Fiduciary Activities*.

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. 6:23-16.2(f)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.

I. Capital assets

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

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

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

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

Note 1 - Summary of significant accounting policies (continued)

I. Capital assets

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

J. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by GASB Statement No. 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, 2021, 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, 2021, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$	250,000
Insured by GUDPA		4,115,604
Total bank balances	\$	4,365,604

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

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

Deposits at June 30, 2021 appear in the financial statements as summarized below:

Cash and cash equivalents		<u>\$ 4,236,264</u>
	<u>Ref.</u>	
Unrestricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	\$ 674,966
Enterprise funds, Statement of Net Position	B-4	178,839
Restricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	<u>3,382,459</u>
Total cash and cash equivalents		<u>\$ 4,236,264</u>

Note 3 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,129,855	\$ -	\$ -	\$ 1,129,855
Construction in progress	-	42,829	-	42,829
Total	<u>1,129,855</u>	<u>42,829</u>	<u>-</u>	<u>1,172,684</u>
Capital assets, being depreciated				
Land improvements	187,177	22,461	-	209,638
Building & improvements	11,747,618	93,558	-	11,841,176
Furniture & equipment	2,093,252	120,568	28,000	2,185,820
Buses & other vehicles	62,150	-	17,500	44,650
Total	<u>14,090,197</u>	<u>236,587</u>	<u>45,500</u>	<u>14,281,284</u>
Accumulated depreciation				
Land improvements	154,462	9,920	-	164,382
Building & improvements	3,423,786	285,920	-	3,709,706
Furniture & equipment	924,060	184,032	22,870	1,085,222
Buses & other vehicles	59,361	2,789	17,500	44,650
Total	<u>4,561,669</u>	<u>482,661</u>	<u>40,370</u>	<u>5,003,960</u>
Total capital assets, being depreciated, net	<u>9,528,528</u>	<u>(246,074)</u>	<u>5,130</u>	<u>9,277,324</u>
Governmental activities capital assets, net	<u>\$ 10,658,383</u>	<u>\$ (203,245)</u>	<u>\$ 5,130</u>	<u>\$ 10,450,008</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	\$	314,655
Special education		4,836
Other instruction		2,940
Support services		
Student & instruction		75,811
General & business administration		41,953
School administration		37,207
Plant maintenance		2,467
Transportation		2,791
Total depreciation expense, governmental activities	\$	482,661

Note 4 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences payable	\$ 110,645	\$ 22,668	\$ -	\$ 133,313	\$ -
PERS net pension liability	1,558,043	-	51,448	1,506,595	-
Total governmental activities long-term liabilities	\$ 1,668,688	\$ 22,668	\$ 51,448	\$ 1,639,908	\$ -

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 annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-statements.shtml](http://www.state.nj.us/treasury/pensions/annual-statements.shtml).

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All pension benefits vest after 10 years of service.

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 and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2020 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2020 measurement date.

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. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2019 through June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

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 2020, 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, 2021 was 16.91% 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 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2020:

Net pension liability	\$	1,506,595
Proportionate share		0.0092387258%
 Plan fiduciary net position as a percentage of the total pension liability		 58.32%

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate		
Price		2.75%
Wage		3.25%
 Salary increases (based on years of service)		
Through 2026		2.00% - 6.00%
Thereafter		3.00% - 7.00%
 Investment rate of return		 7.00%

Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2020.

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

Note 5 - Pension plans (continued)

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

Collective net pension liability and actuarial information (continued)

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2020 measurement date) 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, 2020 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

Note 5 - Pension plans (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2020 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 (7.00%)	\$ 1,506,595
At a 1% lower rate (6.00%)	1,911,465
At a 1% higher rate (8.00%)	1,184,951

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2020 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	\$ 27,433	\$ 5,328
Changes of assumptions	48,876	630,825
Net difference between projected and actual earnings on pension plan investments	51,497	-
Changes in proportion and differences between District contributions and proportionate share of contributions	398,657	236,270
District contributions subsequent to the measurement date	101,067	-
Total	<u>\$ 627,530</u>	<u>\$ 872,423</u>

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, 2021, the plan measurement date is June 30, 2020) of \$101,067 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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 fiscal year ended June 30, 2020 measurement date:



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

Note 5 - Pension plans (continued)

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

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

	Beginning Balance	Net Change in Activity	Ending Balance
Deferred outflows of resources			
Differences between expected and actual experience	\$ 27,965	\$ (532)	\$ 27,433
Changes of assumptions	155,576	(106,700)	48,876
Differences between expected and actual experience	-	51,497	51,497
Deferred inflows of resources			
Differences between expected and actual experience	(6,883)	1,555	(5,328)
Changes of assumptions	(540,792)	(90,033)	(630,825)
Difference between projected and actual earnings on pension plan investments	(24,594)	24,594	-
Net of deferred outflows	<u>\$ (388,728)</u>	<u>\$ (119,619)</u>	<u>\$ (508,347)</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:

Fiscal Year Ended June 30,

2021	\$ (189,050)
2022	(172,356)
2023	(98,497)
2024	(39,830)
2025	(8,614)
Total	<u>\$ (508,347)</u>

Pension expense

For the fiscal year ended June 30, 2021, the District recognized net pension expense of \$55,810, which represents the District's proportionate share of allocable plan pension expense of \$35,999, plus the net amortization of deferred amounts from changes in proportion of \$36,769, and less other adjustments to the net pension liability of \$16,958. 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 fiscal year ended June 30, 2020 measurement date are as follows:

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

Note 5 - Pension plans (continued)

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

Pension expense (continued)

Service cost	\$	71,174
Interest on total pension liability		231,904
Benefit changes		(1,590)
Member contributions		(50,590)
Administrative expense		1,210
Expected investment return net of investment expense		(136,518)
Pension expense related to specific liabilities of individual employers		(634)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		16,350
Changes of assumptions		(120,440)
Difference between projected and actual investment earnings on pension plan investments		25,133
Pension expense	\$	35,999

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 annual financial statement which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

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

The following represents the membership tiers for TPAF:

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

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

Note 5 - Pension plans (continued)

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

Plan description (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. 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 2020, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

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

During the state fiscal year ending June 30, 2020, the State of New Jersey contributed \$319,547 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

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

Note 5 - Pension plans (continued)

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2020 measurement date is as follows:

District proportionate share of net pension liability	\$	12,315,083
Less: State proportionate share of net pension liability		3,029,314
Net pension liability	\$	9,285,769

Proportionate share		0.0141016537%
---------------------	--	---------------

Plan fiduciary net position as a percentage of the total pension liability		24.60%
--	--	--------

Actuarial assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate		
Price		2.75%
Wage		3.25%

Salary increases (based on years of service)		
Through 2026		1.55 - 4.45%
Thereafter		2.75 - 5.65%

Investment rate of return		7.00%
---------------------------	--	-------

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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

Note 5 - Pension plans (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020 measurement date) 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, 2020 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Note 5 - Pension plans (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2020 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 (5.40%)	\$ 9,285,769
At a 1% lower rate (4.40%)	10,907,224
At a 1% higher rate (6.40%)	7,939,424

Pension expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2020 measurement date are as follows:

Service cost	\$ 231,309
Interest on total pension liability	658,643
Benefit changes	(2,355)
Member contributions	(121,999)
Administrative expense	1,901
Expected investment return net of investment expense	(214,631)
Pension expense related to specific liabilities of individual employers	668
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	24,927
Changes of assumptions	(55,549)
Difference between projected and actual investment earnings on pension plan investments	54,515
Pension expense	\$ 577,429

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 2021) 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 2021 was \$0.

D. Other pension plan information

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$142,145 to the TPAF for postretirement medical benefits, \$8,469 for non-contributory insurance premiums, \$311 for long-term disability insurance, and \$445,113 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 \$138,921 during the fiscal year ended June 30, 2021 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 of New Jersey provides post-retirement (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2020, the State paid PRM benefits for 143,053 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 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have decreased from fiscal year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State including Medicare Advantage contracts. The State has appropriated \$1.775 billion in fiscal year 2021 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. The fiscal year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76 billion liability recorded in fiscal year 2019.

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

Note 6 - Postretirement benefits (continued)

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 ACFR at <https://www.nj.gov/treasury/omb/fr.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, 2020 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 67,809,962,608
District's proportionate share of the State's OPEB liability	9,391,673
Employer OPEB expense and related revenue	501,665
Allocable proportionate percentage	0.0138499899%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2019	\$ 5,044,651
Service cost	235,243
Interest cost	182,046
Change of benefit terms	-
Differences between expected and actual experiences	2,372,742
Changes of assumptions	1,715,536
Member contributions	4,956
Gross benefit payments	(163,501)
Total OPEB liability at June 30, 2020	\$ 9,391,673

There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.



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

Note 6 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% as of the June 30, 2019 plan measurement date to 2.21% as of the June 30, 2020 plan measurement date.

The total non-employer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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 years of service)
Salary increases		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
Thereafter	1.55% - 4.45%	3.00% - 7.00%

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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

Note 6 - Postretirement benefits (continued)

Discount rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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, 2020 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 (2.21%)	\$ 9,391,673
At a 1% lower rate (1.21%)	11,322,147
At a 1% higher rate (3.21%)	7,882,229

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:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 9,391,673
At a 1% lower rate (1% decrease)	7,581,275
At a 1% higher rate (1% increase)	11,547,454

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$501,665 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.

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

Note 7 - Deferred compensation

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

MetLife  
 Variable Annuity Life Insurance Co.  
 AXA Equitable

Note 8 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2021 is as follows:

	Receivable	Payable
General fund	\$ 8,525	\$ -
Special revenue	-	8,525
	\$ 8,525	\$ 8,525

The balance due from the special revenue fund of \$8,525 is due to the general fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

Note 9 - Contingent liabilities

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

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

Note 10 - Risk management (continued)

*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 available for claims of the District's unemployment compensation insurance fund:

Fiscal Year	Board Contrib.	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance Available for Claims
2020 - 2021	\$ -	\$ 77	\$ 4,762	\$ 2,329	\$ 62,237
2019 - 2020	-	476	4,918	2,088	59,727
2018 - 2019	-	623	5,079	23	56,421

Note 11 - District 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 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 \$0 to their reserve accounts by Board Resolution in June 2021 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 2,742,883	\$ -	\$ 3,510	\$ -	\$ -	\$ 2,746,393
Maintenance	340,100	-	-	-	-	340,100
Total	<u>\$ 3,082,983</u>	<u>\$ -</u>	<u>\$ 3,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,086,493</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, 2021 is as follows:

Restricted

Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 195,819
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	2,746,393
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).	340,100
Unemployment compensation - Represents funds accumulated for future unemployment claims.	59,804

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.	60,398
---	--------

Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	444,843
Total fund balance - Budgetary basis (Exhibit C-1)	3,847,357
Last state aid payments not recognized on GAAP basis	(89,535)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 3,757,822

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, 2021 is \$0.

Note 14 - Operating lease

The District has a lease agreement for the rental of a building. The terms of the lease call for 36 monthly payments of \$2,940 beginning July 1, 2019 with a 2% increase each year, thereafter. Additionally, \$400,000 plus interest of 3.5% repaid semiannually over a four-year term. The lease expires June 30, 2022. Future minimum lease payments for the remaining year ended June 30 are:

2022	\$ 106,694
Total	\$ 106,694

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

Note 15 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2021 of (\$1,273,276) 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 16 - Restatement of prior year net position

During the fiscal year ended June 30, 2021, the District restated net position for governmental activities as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	Governmental Activities
Net position, June 30, 2020	\$ 12,745,664
Additions	
Reserved fund balance - unemployment fund	59,727
Reserved fund balance - scholarship fund	19,646
Reserved fund balance - student activity fund	240,911
Net position, June 30, 2020, as restated	\$ 13,065,948

Note 17 - Restatement of prior year fund balance

During the fiscal year ended June 30, 2021, the District restated fund balance for the general fund and special revenue fund as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	General Fund	Special Revenue Fund
Fund balance June 30, 2020	\$ 3,994,673	\$ -
Additions		
Reserved fund balance - unemployment fund	59,727	-
Reserved fund balance - scholarship fund	-	19,646
Reserved fund balance - student activity fund	-	240,911
Fund balance, June 30, 2020 as restated	\$ 4,054,400	\$ 260,557

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

Note 18 - 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, GASB issued Statement No. 87, *Leases*. This statement is effective for reporting periods beginning after June 15, 2021 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.

Note 19 - Risks and uncertainties  
On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The “COVID-19 outbreak”) and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity, and future results of operations.

Note 20 - Subsequent events  
The District has evaluated subsequent events through February 9, 2022, 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, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Revenues</b>					
<b>Local sources</b>					
County tax levy	\$ 1,678,832	\$ -	\$ 1,678,832	\$ 1,678,832	\$ -
Tuition from other LEAs	4,987,800	-	4,987,800	4,600,707	(387,093)
Tuition from other sources	510,000	-	510,000	177,008	(332,992)
Unrestricted miscellaneous revenues	50,000	-	50,000	7,497	(42,503)
Interest earned on capital reserve funds	25,000	-	25,000	3,510	(21,490)
Other restricted miscellaneous revenues	-	-	-	77	77
<b>Total</b>	<b>7,251,632</b>	<b>-</b>	<b>7,251,632</b>	<b>6,467,631</b>	<b>(784,001)</b>
<b>State sources</b>					
Categorical special education aid	158,471	-	158,471	158,471	-
Vocational expansion stabilization aid	139,965	-	139,965	139,965	-
Equalization aid	241,040	-	241,040	241,040	-
Categorical security aid	31,411	-	31,411	31,411	-
Adjustment aid	362,396	-	362,396	362,396	-
TPAF Pension (on-behalf)	-	-	-	453,582	453,582
TPAF Social Security (reimbursed)	-	-	-	138,921	138,921
TPAF Postretirement benefits	-	-	-	142,145	142,145
TPAF Long-term disability insurance	-	-	-	311	311
<b>Total</b>	<b>933,283</b>	<b>-</b>	<b>933,283</b>	<b>1,668,242</b>	<b>734,959</b>
<b>Total revenues</b>	<b>\$ 8,184,915</b>	<b>\$ -</b>	<b>\$ 8,184,915</b>	<b>\$ 8,135,873</b>	<b>\$ (49,042)</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instruction - regular program</b>					
Other purchased services	\$ 1,954,440	\$ -	\$ 1,954,440	\$ 1,815,155	\$ 139,285
<b>Total</b>	<b>1,954,440</b>	<b>-</b>	<b>1,954,440</b>	<b>1,815,155</b>	<b>139,285</b>
<b>Regular vocational programs - instruction</b>					
Salaries of teachers	1,441,372	(210)	1,441,162	1,398,147	43,015
Purchased professional - educational services	350,439	1,905	352,344	247,904	104,440
Purchased technical services	95,903	(2,054)	93,849	79,123	14,726
Other purchased services	52,625	(11,206)	41,419	39,426	1,993
General supplies	248,202	(17,205)	230,997	160,369	70,628
Textbooks	40,248	(3,308)	36,940	15,721	21,219
Other objects	2,268	115	2,383	750	1,633
<b>Total</b>	<b>2,231,057</b>	<b>(31,963)</b>	<b>2,199,094</b>	<b>1,941,440</b>	<b>257,654</b>
<b>Special vocational programs - instruction</b>					
Salaries of teachers	65,105	-	65,105	65,105	-
Purchased professional - educational services	250	(218)	32	-	32
Other purchased services	500	611	1,111	611	500
General supplies	1,000	(393)	607	122	485
<b>Total</b>	<b>66,855</b>	<b>-</b>	<b>66,855</b>	<b>65,838</b>	<b>1,017</b>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Expenditures (cont'd)</b>					
School-sponsored co/extra curricular activities - instruction					
Salaries	\$ 28,000	\$ 2,041	\$ 30,041	\$ 29,646	\$ 395
Purchased services	6,000	(2,041)	3,959	600	3,359
Supplies and materials	1,000	-	1,000	94	906
Other objects	5,000	-	5,000	150	4,850
<b>Total</b>	<b>40,000</b>	<b>-</b>	<b>40,000</b>	<b>30,490</b>	<b>9,510</b>
<b>Total instruction regular</b>	<b>\$ 4,292,352</b>	<b>\$ (31,963)</b>	<b>\$ 4,260,389</b>	<b>\$ 3,852,923</b>	<b>\$ 407,466</b>
<b>Undistributed expenditures</b>					
Undistributed expenditures - attendance & social work					
Salaries	\$ 169,670	\$ 2,168	\$ 171,838	\$ 171,838	\$ -
Other purchased services	1,000	(313)	687	618	69
Supplies and materials	1,500	111	1,611	-	1,611
Other objects	5,000	(118)	4,882	243	4,639
<b>Total</b>	<b>177,170</b>	<b>1,848</b>	<b>179,018</b>	<b>172,699</b>	<b>6,319</b>
Undistributed expenditures - health services					
Purchased professional and technical services	85,500	9,568	95,068	95,068	-
Other purchased services	500	(160)	340	340	-
Supplies and materials	1,500	749	2,249	2,249	-
<b>Total</b>	<b>87,500</b>	<b>10,157</b>	<b>97,657</b>	<b>97,657</b>	<b>-</b>
Undistributed expenditures - speech, ot, pt & related services					
Purchased professional - educational services	-	609	609	609	-
<b>Total</b>	<b>-</b>	<b>609</b>	<b>609</b>	<b>609</b>	<b>-</b>
Undistributed expenditures - guidance					
Salaries of other professional staff	84,883	-	84,883	79,166	5,717
Salaries of secretarial and clerical assistants	54,633	(25,000)	29,633	26,937	2,696
Purchased professional - educational services	-	600	600	222	378
Other purchased professional & technical services	16,000	612	16,612	15,477	1,135
Other purchased services	30,000	(4,681)	25,319	22,820	2,499
Supplies and materials	3,175	8,110	11,285	867	10,418
Other objects	10,000	(8,950)	1,050	525	525
<b>Total</b>	<b>198,691</b>	<b>(29,309)</b>	<b>169,382</b>	<b>146,014</b>	<b>23,368</b>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	107,195	1,255	108,450	108,450	-
Salaries of secretarial & clerical assist	69,653	21,551	91,204	89,891	1,313
Other purchased professional & technical services	-	2,415	2,415	-	2,415
Other purchased services	2,500	(1,345)	1,155	320	835
Supplies and materials	1,000	(500)	500	-	500
Other objects	1,000	-	1,000	845	155
<b>Total</b>	<b>181,348</b>	<b>23,376</b>	<b>204,724</b>	<b>199,506</b>	<b>5,218</b>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	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	\$ 5,000	\$ -	\$ 5,000	\$ 4,500	\$ 500
Other objects	2,500	-	2,500	-	2,500
Total	<u>7,500</u>	<u>-</u>	<u>7,500</u>	<u>4,500</u>	<u>3,000</u>
Undistributed expenditures - instructional staff training services					
Other purchased services	5,000	-	5,000	1,685	3,315
Total	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>1,685</u>	<u>3,315</u>
Undistributed expend. - support service - general admin.					
Salaries	134,356	8,450	142,806	142,806	-
Legal services	12,500	9,232	21,732	20,354	1,378
Audit fees	22,000	(2,000)	20,000	20,000	-
Architectural/engineering services	35,000	434	35,434	35,434	-
Other purchased professional services	29,000	10,935	39,935	27,309	12,626
Purchased technical services	8,712	(566)	8,146	6,494	1,652
Communications/telephone	39,350	(22,425)	16,925	16,925	-
BOE other purchased services	5,000	15,108	20,108	20,108	-
Misc purch services	44,600	(32,452)	12,148	11,502	646
General supplies	20,090	(6,968)	13,122	13,122	-
Judgments against the school district	-	5,000	5,000	5,000	-
Miscellaneous expenditures	17,800	1,947	19,747	19,747	-
BOE membership dues and fees	500	(500)	-	-	-
Total	<u>368,908</u>	<u>(13,805)</u>	<u>355,103</u>	<u>338,801</u>	<u>16,302</u>
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	193,864	(9,533)	184,331	183,871	460
Salaries of other professional staff	97,954	(6,581)	91,373	91,373	-
Salaries of secretarial and clerical assistants	5,705	1	5,706	5,695	11
Purchased professional and technical services	51,225	2,031	53,256	53,061	195
Other purchased services	14,200	(4,385)	9,815	3,773	6,042
Supplies and materials	5,000	(1,887)	3,113	3,113	-
Other objects	3,300	(202)	3,098	3,098	-
Total	<u>371,248</u>	<u>(20,556)</u>	<u>350,692</u>	<u>343,984</u>	<u>6,708</u>
Undistributed expenditures - central services					
Salaries	31,099	4,146	35,245	34,813	432
Purchased professional services	130,600	(10,851)	119,749	111,749	8,000
Purchased technical services	1,225	175	1,400	1,031	369
Miscellaneous purchased services	4,500	(1,463)	3,037	663	2,374
Supplies and materials	2,000	(120)	1,880	1,109	771
Other objects	-	120	120	120	-
Total	<u>169,424</u>	<u>(7,993)</u>	<u>161,431</u>	<u>149,485</u>	<u>11,946</u>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - admin. info. technology					
Purchased professional services	\$ 55,000	\$ 2,955	\$ 57,955	\$ 57,955	\$ -
Purchased technical services	12,500	(12,043)	457	-	457
Supplies and materials	2,000	(375)	1,625	1,553	72
<b>Total</b>	<b>69,500</b>	<b>(9,463)</b>	<b>60,037</b>	<b>59,508</b>	<b>529</b>
Undistributed expend. - required maint. for school facilities					
Salaries	10,000	15,381	25,381	25,381	-
Cleaning, repair, and maintenance services	183,929	(65,777)	118,152	118,151	1
Lead testing in water	4,324	(4,324)	-	-	-
General supplies	44,906	(3,589)	41,317	40,410	907
<b>Total</b>	<b>243,159</b>	<b>(58,309)</b>	<b>184,850</b>	<b>183,942</b>	<b>908</b>
Undistributed expenditures - custodial services					
Salaries	-	1,170	1,170	1,170	-
Cleaning, repair, and maintenance service	112,400	(1,150)	111,250	105,727	5,523
Rental of land & bldg. other than lease purch agreement	588,244	35,350	623,594	591,668	31,926
Other purchased property services	10,800	(1,000)	9,800	7,727	2,073
Insurance	27,800	(742)	27,058	27,058	-
General supplies	13,000	(11,058)	1,942	1,942	-
Energy (natural gas)	40,000	1,000	41,000	40,468	532
Energy (electricity)	75,000	(2,701)	72,299	72,299	-
Energy (oil)	4,000	(200)	3,800	3,445	355
<b>Total</b>	<b>871,244</b>	<b>20,669</b>	<b>891,913</b>	<b>851,504</b>	<b>40,409</b>
Undistributed expenditures - security					
Salaries	44,932	-	44,932	44,932	-
Purchased professional and technical services	3,200	4,656	7,856	7,481	375
Cleaning, repair, and maintenance service	56,300	(39,248)	17,052	17,052	-
General supplies	1,000	(347)	653	653	-
<b>Total</b>	<b>105,432</b>	<b>(34,939)</b>	<b>70,493</b>	<b>70,118</b>	<b>375</b>
Undistributed expenditures - student transportation service					
Cleaning, repair, & maint. services	1,200	28	1,228	1,228	-
Contr. service (oth. than between home & school) - vend.	15,000	(3,964)	11,036	3,960	7,076
General supplies	400	-	400	296	104
Other objects	600	-	600	487	113
<b>Total</b>	<b>17,200</b>	<b>(3,936)</b>	<b>13,264</b>	<b>5,971</b>	<b>7,293</b>
Allocated benefits - employee benefits					
Vocational programs - instruction					
Social Security contributions	15,000	-	15,000	8,369	6,631
Other retirement contributions - PERS	6,750	6,699	13,449	13,449	-
Workmen's compensation	22,327	(1,045)	21,282	20,472	810
Health benefits	448,410	(39,203)	409,207	372,303	36,904
Tuition reimbursement	10,000	6,590	16,590	16,590	-
Other employee benefits	-	7,040	7,040	7,040	-
<b>Total</b>	<b>502,487</b>	<b>(19,919)</b>	<b>482,568</b>	<b>438,223</b>	<b>44,345</b>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Attendance and social work services					
Social Security contributions	\$ 3,070	\$ (240)	\$ 2,830	\$ 2,420	\$ 410
Other retirement contributions - PERS	6,020	-	6,020	5,979	41
Workmen's compensation	1,488	-	1,488	1,365	123
Health benefits	71,232	(7,766)	63,466	59,670	3,796
<b>Total</b>	<b>81,810</b>	<b>(8,006)</b>	<b>73,804</b>	<b>69,434</b>	<b>4,370</b>
Other supp services - guidance					
Social Security contributions	8,860	-	8,860	2,415	6,445
Other retirement contributions - PERS	17,370	(7,556)	9,814	9,814	-
Workmen's compensation	1,488	-	1,488	1,365	123
Health benefits	24,760	17,538	42,298	29,282	13,016
<b>Total</b>	<b>52,478</b>	<b>9,982</b>	<b>62,460</b>	<b>42,876</b>	<b>19,584</b>
Improvement of instruction services					
Social Security contributions	5,815	-	5,815	5,713	102
Other retirement contributions - PERS	11,400	1,340	12,740	12,740	-
Workmen's compensation	1,489	-	1,489	1,365	124
Health benefits	46,844	600	47,444	46,139	1,305
<b>Total</b>	<b>65,548</b>	<b>1,940</b>	<b>67,488</b>	<b>65,957</b>	<b>1,531</b>
Support services - general administration					
Social Security contributions	5,220	(1,591)	3,629	1,204	2,425
Other retirement contributions - PERS	10,230	(72)	10,158	10,158	-
Workmen's compensation	1,489	-	1,489	1,365	124
Health benefits	31,753	14,405	46,158	36,068	10,090
Other employee benefits	-	4,000	4,000	3,984	16
<b>Total</b>	<b>48,692</b>	<b>16,742</b>	<b>65,434</b>	<b>52,779</b>	<b>12,655</b>
Support services - school administration					
Social Security contributions	4,000	(1,000)	3,000	773	2,227
Other retirement contributions - PERS	8,000	1,347	9,347	9,347	-
Workmen's compensation	1,489	-	1,489	1,365	124
Health benefits	86,438	44,590	131,028	91,524	39,504
<b>Total</b>	<b>99,927</b>	<b>44,937</b>	<b>144,864</b>	<b>103,009</b>	<b>41,855</b>
Support services - central services					
Social Security contributions	4,780	-	4,780	1,229	3,551
Other retirement contributions - PERS	9,375	-	9,375	9,311	64
Workmen's compensation	1,488	-	1,488	1,365	123
Health benefits	70,630	(44,498)	26,132	18,144	7,988
<b>Total</b>	<b>86,273</b>	<b>(44,498)</b>	<b>41,775</b>	<b>30,049</b>	<b>11,726</b>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Required maintenance for school facilities					
Social Security contributions	\$ 4,000	\$ 1,375	\$ 5,375	\$ 5,375	\$ -
Other retirement contributions - PERS	8,000	(7,962)	38	-	38
Workmen's compensation	3,721	-	3,721	3,412	309
Total	<u>15,721</u>	<u>(6,587)</u>	<u>9,134</u>	<u>8,787</u>	<u>347</u>
Total allocated benefits - employees	<u>\$ 952,936</u>	<u>\$ (5,409)</u>	<u>\$ 947,527</u>	<u>\$ 811,114</u>	<u>\$ 136,413</u>
On-behalf TPAF Pension contribution	\$ -	\$ -	\$ -	\$ 453,582	\$ (453,582)
On-behalf TPAF Postretirement medical benefits	-	-	-	142,145	(142,145)
On-behalf TPAF Long-term disability insurance	-	-	-	311	(311)
Reimbursed TPAF Social Security contribution	-	-	-	138,921	(138,921)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>734,959</u>	<u>(734,959)</u>
Total undistributed expenditures	<u>\$ 3,826,260</u>	<u>\$ (127,060)</u>	<u>\$ 3,699,200</u>	<u>\$ 4,172,056</u>	<u>\$ (472,856)</u>
Total current	<u>\$ 8,118,612</u>	<u>\$ (159,023)</u>	<u>\$ 7,959,589</u>	<u>\$ 8,024,979</u>	<u>\$ (65,390)</u>
Capital outlay					
Equipment					
Vocational programs					
Vocational programs - regular programs	\$ 10,000	\$ 4,893	\$ 14,893	\$ 14,893	\$ -
Undistributed					
Undistributed expenditures - school admin.	-	28,604	28,604	28,604	-
Undistributed expend. - required maint. for school facilities	-	39,678	39,678	27,361	12,317
Undistributed expenditures - non-instructional service	30,000	(30,000)	-	-	-
Total equipment	<u>40,000</u>	<u>43,175</u>	<u>83,175</u>	<u>70,858</u>	<u>12,317</u>
Facilities acquisition and construction service					
Legal services	-	6,000	6,000	-	6,000
Architectural/engineering services	-	71,066	71,066	38,030	33,036
Construction services	-	38,783	38,783	23,853	14,930
Infrastructure	-	41,000	41,000	41,000	-
Assessment for debt service on SDA funding	37,934	-	37,934	37,934	-
Total facilities acquisition and construction service	<u>37,934</u>	<u>156,849</u>	<u>194,783</u>	<u>140,817</u>	<u>53,966</u>
Total capital outlay	<u>\$ 77,934</u>	<u>\$ 200,024</u>	<u>\$ 277,958</u>	<u>\$ 211,675</u>	<u>\$ 66,283</u>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special schools					
Vocational evening-local-instruction					
Salaries of teachers	\$ 169,720	\$ (2,334)	\$ 167,386	\$ 122,585	\$ 44,801
Purchased professional and technical services	1,000	1,478	2,478	2,478	-
Other purchased services	4,200	524	4,724	4,117	607
General supplies	20,000	(354)	19,646	15,913	3,733
Textbooks	30,000	(21,933)	8,067	2,344	5,723
Other objects	1,000	-	1,000	-	1,000
Total	<u>225,920</u>	<u>(22,619)</u>	<u>203,301</u>	<u>147,437</u>	<u>55,864</u>
Vocational evening-local-support serv.					-
Salaries	134,746	34,790	169,536	129,935	39,601
Personal services - employee benefits	115,662	(13,007)	102,655	92,206	10,449
Purchased professional and technical services	-	35	35	35	-
Other purchased services	47,500	74	47,574	24,957	22,617
Supplies and materials	500	727	1,227	1,227	-
Total	<u>298,408</u>	<u>22,619</u>	<u>321,027</u>	<u>248,360</u>	<u>72,667</u>
Total special schools	<u>\$ 524,328</u>	<u>\$ -</u>	<u>\$ 524,328</u>	<u>\$ 395,797</u>	<u>\$ 128,531</u>
Total expenditures	<u>\$ 8,720,874</u>	<u>\$ 41,001</u>	<u>\$ 8,761,875</u>	<u>\$ 8,632,451</u>	<u>\$ 129,424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (535,959)</u>	<u>\$ (41,001)</u>	<u>\$ (576,960)</u>	<u>\$ (496,578)</u>	<u>\$ 80,382</u>
Other financing sources (uses)					
Operating transfer in					
Transfers from other funds	200,000	-	200,000	200,000	-
Total other financing sources (uses)	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	<u>(335,959)</u>	<u>(41,001)</u>	<u>(376,960)</u>	<u>(296,578)</u>	<u>80,382</u>
Fund balances, July 1 (as restated)	<u>4,143,935</u>	<u>-</u>	<u>4,143,935</u>	<u>4,143,935</u>	<u>-</u>
Fund balances, June 30	<u>\$ 3,807,976</u>	<u>\$ (41,001)</u>	<u>\$ 3,766,975</u>	<u>\$ 3,847,357</u>	<u>\$ 80,382</u>

See independent auditors' report.



**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (59,922)	\$ -	\$ (59,922)	\$ (59,922)	\$ -
Interest deposit to capital reserve	25,000	-	25,000	3,510	(21,490)
Interest earned on unemployment compensation	-	-	-	77	77
Budgeted fund balance	<u>(301,037)</u>	<u>(41,001)</u>	<u>(342,038)</u>	<u>(240,243)</u>	<u>101,795</u>
Total	<u>\$ (335,959)</u>	<u>\$ (41,001)</u>	<u>\$ (376,960)</u>	<u>\$ (296,578)</u>	<u>\$ 80,382</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 195,819	
Capital reserve				2,746,393	
Maintenance reserve				340,100	
Unemployment compensation				59,804	
Committed fund balance					
Year-end encumbrances				60,398	
Unassigned fund balance				<u>444,843</u>	
Fund balance per budgetary basis				3,847,357	
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>\$ 3,757,822</u>	

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 234,788	\$ -	\$ 234,788	\$ 134,193	\$ (100,595)
State sources	176,182	-	176,182	176,182	-
Local sources	80,000	38,407	118,407	118,407	-
Total revenues	<u>\$ 490,970</u>	<u>\$ 38,407</u>	<u>\$ 529,377</u>	<u>\$ 428,782</u>	<u>\$ (100,595)</u>
Expenditures					
Instruction					
Salaries	\$ 44,251	\$ 2,261	\$ 46,512	\$ 34,512	\$ 12,000
Purchased professional educational services	43,386	(26)	43,360	43,360	-
Supplies	56,028	568	56,596	50,325	6,271
Total	<u>143,665</u>	<u>2,803</u>	<u>146,468</u>	<u>128,197</u>	<u>18,271</u>
Support services					
Salaries	67,155	(2,475)	64,680	58,980	5,700
Employee benefits	23,459	(189)	23,270	21,916	1,354
Purchased professional educational services	72,193	1,550	73,743	28,743	45,000
Other purchased professional services	2,261	(2,261)	-	-	-
Other purchased services	18,752	(5)	18,747	18,747	-
Mileage	400	-	400	400	-
Supplies	6,420	697	7,117	7,117	-
Facility cost	12,600	-	12,600	12,600	-
Other objects	8,000	-	8,000	8,000	-
Scholarships awarded	-	1,575	1,575	1,575	-
Student activities	-	63,660	63,660	63,660	-
Total	<u>211,240</u>	<u>62,552</u>	<u>273,792</u>	<u>221,738</u>	<u>52,054</u>
Capital outlay					
Instructional equipment	105,795	(120)	105,675	105,675	-
Non-instructional equipment	30,270	-	30,270	-	30,270
Total	<u>136,065</u>	<u>(120)</u>	<u>135,945</u>	<u>105,675</u>	<u>30,270</u>
Total expenditures	<u>\$ 490,970</u>	<u>\$ 65,235</u>	<u>\$ 556,205</u>	<u>\$ 455,610</u>	<u>\$ 100,595</u>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Unaudited			Actual	Variance
	Original Budget	Budget Transfers	Final Budget		Final to Actual
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (26,828)	\$ (26,828)	\$ (26,828)	\$ -
Fund balances, July 1 (as restated)	<u>260,557</u>	<u>-</u>	<u>260,557</u>	<u>260,557</u>	<u>-</u>
Fund balances, June 30	<u>\$ 260,557</u>	<u>\$ (26,828)</u>	<u>\$ 233,729</u>	<u>\$ 233,729</u>	<u>\$ -</u>
Recapitulation of fund balance					
Restricted fund balance					
Scholarships				\$ 18,245	
Student activities				<u>215,484</u>	
Fund balance per budgetary basis				<u>\$ 233,729</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, 2021**

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

	General Fund	Special Revenue Fund
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 8,135,873	\$ 428,782
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	-	1,185
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	89,535	-
State aid receivable current year	(89,535)	-
Total revenues (GAAP basis)	\$ 8,135,873	\$ 429,967
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 8,632,451	\$ 455,610
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances prior year	-	1,185
Total expenditures (GAAP basis)	\$ 8,632,451	\$ 456,795

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**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.0092387258%	0.0086469137%	0.0070822000%	0.0092667994%	0.0080292826%	0.0083292254%	0.00793112%	0.92902319%	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 1,506,595	\$ 1,558,043	\$ 1,394,450	\$ 2,157,163	\$ 2,378,043	\$ 1,869,744	\$ 1,484,922	\$ 1,775,548	N/A
District's covered employee payroll	597,682	674,843	556,033	569,581	515,922	531,819	532,069	536,849	536,849	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	223.25%	280.21%	244.82%	418.12%	447.15%	351.41%	276.60%	330.74%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	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**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 101,067	\$ 84,109	\$ 70,445	\$ 85,847	\$ 71,331	\$ 71,609	\$ 65,383	\$ 70,000	\$ 66,882	\$ 50,190
Contributions in relation to the contractually required contribution	<u>(101,067)</u>	<u>(84,109)</u>	<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>
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	\$ 597,682	\$ 674,843	\$ 556,033	\$ 569,581	\$ 515,922	\$ 627,714	\$ 531,819	\$ 532,069	\$ 536,849	\$ 519,615
Contributions as a percentage of covered employee payroll	16.91%	12.46%	12.67%	15.07%	13.83%	11.41%	12.29%	13.16%	12.46%	9.66%

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**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	9,285,769	7,575,311	9,041,212	8,849,852	10,885,282	8,420,469	7,692,234	7,931,977	N/A
<b>Total</b>	<b>\$ -</b>	<b>\$ 9,285,769</b>	<b>\$ 7,575,311</b>	<b>\$ 9,041,212</b>	<b>\$ 8,849,852</b>	<b>\$ 10,885,282</b>	<b>\$ 8,420,469</b>	<b>\$ 7,692,234</b>	<b>\$ 7,931,977</b>	<b>\$ -</b>
District's covered employee payroll	\$ 1,880,841	\$ 1,632,599	\$ 1,530,845	\$ 1,402,236	\$ 1,402,475	\$ 1,467,889	\$ 1,391,968	\$ 1,362,171	\$ 1,231,182	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%	0.00%	0.00%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	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**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 319,547	\$ 248,183	\$ 247,848	\$ 214,368	\$ 147,639	\$ 110,787	\$ 72,027	\$ 60,886	\$ 101,414	\$ 54,687
Contributions in relation to the contractually required contribution	<u>(319,547)</u>	<u>(248,183)</u>	<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>
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	\$ 1,880,841	\$ 1,632,599	\$ 1,530,845	\$ 1,402,236	\$ 1,402,475	\$ 1,467,889	\$ 1,391,968	\$ 1,362,171	\$ 1,231,182	\$ 1,310,220
Contributions as a percentage of covered employee payroll	16.99%	15.20%	16.19%	15.29%	10.53%	7.55%	5.17%	4.47%	8.24%	4.17%

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**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	NA	\$ -	\$ -	\$ -	\$ -	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	9,391,673	5,044,651	5,287,725	7,029,022	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$ -</b>	<b>\$ 9,391,673</b>	<b>\$ 5,044,651</b>	<b>\$ 5,287,725</b>	<b>\$ 7,029,022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered employee payroll	N/A	\$ 2,307,442	\$ 2,086,878	\$ 1,971,817	\$ 1,918,397	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	0.00%	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, 2021**

- 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 5.60% in State fiscal year 2019 and 5.40% in State fiscal year 2020. The inflation rate was 2.75% in State fiscal year 2019 and 2.75% in State fiscal year 2020.
- Note 3 - Changes in assumptions - PERS  
The discount rate was 6.28% in State fiscal year 2019 and 7.00% in State fiscal year 2020. The inflation rate was 2.75% for State fiscal year 2019 and 2.75% for State fiscal year 2020.
- Note 4 - Changes in assumptions - other postretirement employee benefits  
The other postretirement employee benefits discount rate decreased from 3.50% in State fiscal year 2019 to 2.21% in State fiscal year 2020. The inflation rate was 2.50% for State fiscal year 2019 and 2020.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits  
For Pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits  
There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

## **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, 2021**

	Youth Community Outreach	County Vocational Heavy Equipment	Post Secondary	Perkins Post Secondary	Secondary Reserve	IDEA Basic	ESSA Title IA	ESSA Title IIA	ESSA Title IV	CARES Emergency Relief	Coronavirus Relief Fund	Scholarships	Student Activity Fund	Total
<b>Revenues</b>														
Federal sources	\$ -	\$ -	\$ -	\$ 36,525	\$ 21,738	\$ 31,600	\$ 9,529	\$ 5,698	\$ 10,000	\$ 6,049	\$ 13,054	\$ -	\$ -	\$ 134,193
State sources	-	82,444	93,738	-	-	-	-	-	-	-	-	-	-	176,182
Local sources	80,000	-	-	-	-	-	-	-	-	-	-	174	38,233	118,407
<b>Total revenues</b>	<b>\$ 80,000</b>	<b>\$ 82,444</b>	<b>\$ 93,738</b>	<b>\$ 36,525</b>	<b>\$ 21,738</b>	<b>\$ 31,600</b>	<b>\$ 9,529</b>	<b>\$ 5,698</b>	<b>\$ 10,000</b>	<b>\$ 6,049</b>	<b>\$ 13,054</b>	<b>\$ 174</b>	<b>\$ 38,233</b>	<b>\$ 428,782</b>
<b>Expenditures</b>														
<b>Instruction</b>														
Salaries	\$ -	\$ 32,251	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,261	\$ -	\$ -	\$ -	\$ 34,512
Purchased professional educational services	-	152	5,174	400	1,105	27,000	9,529	-	-	-	-	-	-	43,360
Supplies	-	1,014	15,596	10,153	5,908	4,600	-	-	-	-	13,054	-	-	50,325
<b>Total</b>	<b>-</b>	<b>33,417</b>	<b>20,770</b>	<b>10,553</b>	<b>7,013</b>	<b>31,600</b>	<b>9,529</b>	<b>-</b>	<b>-</b>	<b>2,261</b>	<b>13,054</b>	<b>-</b>	<b>-</b>	<b>128,197</b>
<b>Support services</b>														
Salaries	28,672	11,936	4,385	13,987	-	-	-	-	-	-	-	-	-	58,980
Employee benefits	11,500	9,010	335	1,071	-	-	-	-	-	-	-	-	-	21,916
Purchased professional educational services	-	-	2,703	2,617	7,725	-	-	5,698	10,000	-	-	-	-	28,743
Other purchased services	18,252	-	245	250	-	-	-	-	-	-	-	-	-	18,747
Mileage	400	-	-	-	-	-	-	-	-	-	-	-	-	400
Supplies	576	1,581	1,172	-	-	-	-	-	-	3,788	-	-	-	7,117
Facility cost	12,600	-	-	-	-	-	-	-	-	-	-	-	-	12,600
Other objects	8,000	-	-	-	-	-	-	-	-	-	-	-	-	8,000
Scholarships awarded	-	-	-	-	-	-	-	-	-	-	-	1,575	-	1,575
Student activities	-	-	-	-	-	-	-	-	-	-	-	-	63,660	63,660
<b>Total</b>	<b>80,000</b>	<b>22,527</b>	<b>8,840</b>	<b>17,925</b>	<b>7,725</b>	<b>-</b>	<b>-</b>	<b>5,698</b>	<b>10,000</b>	<b>3,788</b>	<b>-</b>	<b>1,575</b>	<b>63,660</b>	<b>221,738</b>

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2021**

	Youth Community Outreach	County Vocational Heavy Equipment	Perkins Post Secondary	Perkins Post Secondary Reserve	IDEA Basic	ESSA Title IA	ESSA Title IIA	ESSA Title IV	CARES Emergency Relief	Coronavirus Relief Fund	Scholarship	Student Activity Fund	Total
Capital outlay													
Instructional equipment	\$ -	\$ 26,500	\$ 64,128	\$ 8,047	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,675
<b>Total expenditures</b>	<b>\$ 80,000</b>	<b>\$ 82,444</b>	<b>\$ 93,738</b>	<b>\$ 36,525</b>	<b>\$ 21,738</b>	<b>\$ 31,600</b>	<b>\$ 9,529</b>	<b>\$ 5,698</b>	<b>\$ 10,000</b>	<b>\$ 6,049</b>	<b>\$ 13,054</b>	<b>\$ 1,575</b>	<b>\$ 455,610</b>
Excess (deficiency) of revenues													
over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,401)	\$ (25,427)	\$ (26,828)
Fund balances, July 1 (as restated)	-	-	-	-	-	-	-	-	-	-	19,646	240,911	260,557
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,245	\$ 215,484	\$ 233,729

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.

(NOT APPLICABLE TO THIS 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.

(NOT APPLICABLE TO THIS 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.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Government activities										
Net investment in capital assets	\$ 10,827,852	\$ 10,599,330	\$ 10,364,814	\$ 10,134,842	\$ 10,833,606	\$ 10,666,841	\$ 10,636,641	\$ 10,877,243	\$ 10,658,383	\$ 10,450,008
Restricted	901,225	1,403,829	1,907,619	2,537,456	2,262,173	2,962,181	2,977,766	3,160,731	3,403,267	3,380,026
Unrestricted	1,093,737	1,089,099	(1,068,097)	(1,067,619)	(622,776)	(822,018)	(289,559)	(859,707)	(995,702)	(1,273,276)
Total governmental activities	<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>	<u>\$ 13,065,948</u>	<u>\$ 12,556,758</u>
Business-type activities										
Unrestricted	\$ 453,708	\$ 439,219	\$ 433,719	\$ 427,638	\$ 402,056	\$ 398,214	\$ 383,692	\$ 382,132	\$ 377,047	\$ 178,839
Total business-type activities	<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>	<u>\$ 377,047</u>	<u>\$ 178,839</u>
District-wide										
Net investment in capital assets	\$ 10,827,852	\$ 10,599,330	\$ 10,364,814	\$ 10,134,842	\$ 10,833,606	\$ 10,666,841	\$ 10,636,641	\$ 10,877,243	\$ 10,658,383	\$ 10,450,008
Restricted	901,225	1,403,829	1,907,619	2,537,456	2,262,173	2,962,181	2,977,766	3,160,731	3,403,267	3,380,026
Unrestricted	1,547,445	1,528,318	(634,378)	(639,981)	(220,720)	(423,804)	94,133	(477,575)	(618,655)	(1,094,437)
Total district-wide	<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>	<u>\$ 13,442,995</u>	<u>\$ 12,735,597</u>

\*

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Vocational education	\$ 2,321,325	\$ 2,082,488	\$ 2,369,806	\$ 2,816,213	\$ 3,096,664	\$ 3,761,140	\$ 3,855,977	\$ 4,387,639	\$ 4,920,729	\$ 5,993,209
Other instruction	40,021	39,418	43,366	33,784	47,409	57,669	27,254	41,210	69,370	44,773
Support services										
Student & instruction related services	591,881	673,562	944,489	873,426	1,126,684	1,192,910	1,660,878	1,609,275	1,081,955	1,089,996
General & business administrative services	575,863	637,242	685,691	623,530	599,850	746,449	638,089	734,114	627,716	613,378
School administration	301,017	300,474	340,249	342,646	385,320	419,797	471,894	557,381	714,131	786,527
Plant operations & maintenance	672,771	660,480	753,556	825,958	765,388	733,833	1,134,543	1,583,529	1,134,052	1,113,424
Pupil transportation	19,047	16,462	21,935	17,062	14,991	17,891	14,984	23,500	121,737	264,543
Interest and other debt charges	27,640	37,934	37,934	37,934	37,934	37,934	37,934	37,934	406,508	405,210
Special schools	471,636	477,368	544,346	500,115	460,654	488,787	579,791	397,195	37,934	37,934
Total governmental activities expenses	<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>	<u>9,114,132</u>	<u>10,348,994</u>
Business-type activities										
Special services	230,932	234,416	18,438	43,321	49,321	32,355	19,585	19,710	22,538	308
Total business-type activities	<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>	<u>22,538</u>	<u>308</u>
Total district expenses	<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>	<u>\$ 9,136,670</u>	<u>\$ 10,349,302</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program revenues										
Governmental activities										
Charges for services	\$ 2,186,689	\$ 2,035,062	\$ 2,365,917	\$ 2,593,739	\$ 3,022,636	\$ 3,322,864	\$ 3,742,800	\$ 4,079,323	\$ 4,466,901	\$ 4,815,948
Operating grants & contributions	340,553	364,725	441,442	361,928	638,950	663,633	964,751	1,302,148	494,236	391,710
Total governmental activities	<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>	<u>4,961,137</u>	<u>5,207,658</u>
Business-type activities										
Charges for services										
Special services	261,771	219,927	12,938	37,240	23,739	28,513	5,063	18,150	17,453	2,100
Total business-type activities	<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>	<u>17,453</u>	<u>2,100</u>
Total district-wide program revenues	<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>	<u>\$ 4,978,590</u>	<u>\$ 5,209,758</u>
Net (expense) revenues										
Governmental activities	\$ (2,493,959)	\$ (2,525,641)	\$ (2,934,013)	\$ (3,115,001)	\$ (2,873,308)	\$ (3,469,913)	\$ (3,713,793)	\$ (3,990,306)	\$ (4,152,995)	\$ (5,141,336)
Business-type activities	30,839	(14,489)	(5,500)	(6,081)	(25,582)	(3,842)	(14,522)	(1,560)	(5,085)	1,792
Total district-wide net expenses	<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>	<u>\$ (4,158,080)</u>	<u>\$ (5,139,544)</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues & other changes in net position										
Governmental activities										
County taxes levied for general purposes, net	\$ 1,448,174	\$ 1,448,174	\$ 1,520,579	\$ 1,550,979	\$ 1,582,001	\$ 1,613,641	\$ 1,613,641	\$ 1,645,914	\$ 1,678,832	\$ 1,678,832
Unrestricted grants & contributions	1,196,567	1,238,248	1,203,807	1,637,854	1,952,665	2,144,208	2,558,526	2,116,842	1,988,028	2,747,336
Investment earnings	17,472	11,310	12,462	13,055	5,589	20,071	45,867	55,821	36,628	5,297
Capital grants deobligated	-	-	-	300,208	-	-	-	-	-	-
Miscellaneous income	6,957	97,353	15,158	13,248	14,830	25,994	13,603	42,562	25,654	5,811
Transfer in(out)	-	-	-	-	-	-	-	-	-	200,000
Gain (loss) on sale of capital assets	-	-	(367)	-	-	-	-	(17,414)	(8,750)	(5,130)
Special item - insurance proceeds	-	-	-	-	99,432	-	-	-	-	-
Total governmental activities	<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>	<u>3,720,392</u>	<u>4,632,146</u>
Business-type activities										
Transfer in (out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (200,000)
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Total district-wide	<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>	<u>\$ 3,720,392</u>	<u>\$ 4,432,146</u>
Change in net position										
Governmental activities	\$ 175,211	\$ 269,444	\$ (182,374)	\$ 400,343	\$ 781,209	\$ 334,001	\$ 517,844	\$ (146,581)	\$ (432,603)	\$ (509,190)
Business-type activities	30,839	(14,489)	(5,500)	(6,081)	(25,582)	(3,842)	(14,522)	(1,560)	(5,085)	(198,208)
Total district	<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>	<u>\$ (437,688)</u>	<u>\$ (707,398)</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Restricted	\$ 1,866,747	\$ 2,421,401	\$ 2,660,806	\$ 2,396,202	\$ 3,406,978	\$ 4,245,915	\$ 3,512,210	\$ 3,563,117	\$ 3,880,477	\$ 3,342,116
Committed	165,262	132,220	101,217	25,329	965	23,565	830,486	209,342	59,922	60,398
Assigned	127,747	108,515	125,000	362,088	259,411	33,593	200,000	138,651	-	-
Unassigned	162,714	161,137	185,381	220,871	186,491	225,918	268,078	349,723	354,912	355,308
Total general fund	<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>	<u>\$ 4,295,311</u>	<u>\$ 3,757,822</u>
									*	
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260,557	\$ 233,729
Capital projects fund	-	-	-	698,919	47	47	47	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,919</u>	<u>\$ 47</u>	<u>\$ 47</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 260,557</u>	<u>\$ 233,729</u>
									*	

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
County tax levy	\$ 1,448,174	\$ 1,448,174	\$ 1,520,579	\$ 1,550,979	\$ 1,582,001	\$ 1,613,641	\$ 1,613,641	\$ 1,645,914	\$ 1,678,832	\$ 1,678,832
Tuition charges	2,186,689	2,031,562	1,930,521	2,591,174	3,022,636	3,321,725	3,741,198	4,079,323	4,466,901	4,777,715
Interest earnings	17,472	11,310	12,462	13,055	5,589	20,071	45,867	55,821	36,628	5,297
Miscellaneous	8,952	202,916	531,562	97,650	201,644	108,035	95,205	189,811	163,708	124,194
State sources	1,421,405	1,458,565	1,492,498	1,759,636	1,848,314	1,850,155	2,341,047	2,500,904	1,769,477	1,845,609
Federal sources	113,720	42,345	53,508	44,603	42,342	58,906	58,900	75,418	75,868	134,193
<b>Total revenues</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>8,191,414</b>	<b>8,565,840</b>
<b>Expenditures</b>										
Instruction										
Vocational education	1,444,486	1,326,025	1,571,671	1,704,837	1,861,581	2,107,833	2,529,287	2,618,691	3,337,425	3,822,433
Other instruction	36,104	23,981	40,761	31,243	44,054	49,361	25,603	93,895	29,013	30,490
Support services										
Student & instruction related services	273,859	286,526	414,191	400,425	429,317	504,278	552,376	653,065	659,735	622,670
General administration	279,922	302,312	342,303	305,018	298,867	371,693	307,194	407,303	311,660	308,751
School administration services	184,756	206,338	232,579	227,751	256,000	209,971	249,202	333,304	390,804	403,492
Central services/business	148,640	164,837	161,354	148,329	123,321	145,341	158,588	163,047	186,018	179,535
Plant operations & maintenance	625,950	609,790	691,453	774,969	714,078	702,406	1,089,952	1,569,823	1,067,513	1,105,564
Pupil transportation	14,470	12,188	15,782	14,076	12,090	14,849	11,965	17,691	15,699	5,971
Employee benefits	604,741	547,990	527,221	560,839	616,554	611,762	672,967	799,261	786,820	811,114
On-behalf TPAF Pension & Social Security contribution	271,816	313,342	277,324	293,713	352,609	376,064	454,731	474,078	555,880	734,959
Special schools - vocational evening	406,267	416,281	451,058	456,292	434,751	434,143	417,457	421,736	426,469	395,797
Capital outlay	78,448	81,800	86,926	57,138	11,065	18,119	142,068	205,203	158,368	173,741
Capital projects	-	-	-	51,600	720,872	-	-	-	-	-
Special revenue funds	340,553	364,725	441,442	361,928	638,950	663,633	964,751	1,302,148	494,236	456,795
Interest & other charges	27,640	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934
<b>Total expenditures</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>	<b>8,457,574</b>	<b>9,089,246</b>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess (deficiency) of revenues over (under) expenditures	\$ 458,760	\$ 500,803	\$ 249,131	\$ 631,005	\$ 150,483	\$ 725,146	\$ 281,783	\$ (549,988)	\$ (266,160)	\$ (523,406)
Other financing sources (uses)										
Transfer in (out)	-	-	-	-	-	(50,000)	-	-	-	200,000
Total other financing sources (uses)	-	-	-	-	-	(50,000)	-	-	-	200,000
Net change in fund balances	<u>\$ 458,760</u>	<u>\$ 500,803</u>	<u>\$ 249,131</u>	<u>\$ 631,005</u>	<u>\$ 150,483</u>	<u>\$ 675,146</u>	<u>\$ 281,783</u>	<u>\$ (549,988)</u>	<u>\$ (266,160)</u>	<u>\$ (323,406)</u>
Total non-capital expenditures	<u>\$ 4,631,564</u>	<u>\$ 4,574,335</u>	<u>\$ 5,167,139</u>	<u>\$ 5,279,420</u>	<u>\$ 5,782,172</u>	<u>\$ 6,191,334</u>	<u>\$ 7,434,073</u>	<u>\$ 8,854,042</u>	<u>\$ 8,261,272</u>	<u>\$ 8,877,571</u>

Source: District Records

Note: 1) Non-capital expenditures are total expenditures less capital outlay.  
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tuition	\$ 2,186,689	\$ 2,031,562	\$ 2,271,525	\$ 2,591,174	\$ 3,022,636	\$ 3,321,725	\$ 3,741,198	\$ 4,079,323	\$ 4,466,901	\$ 4,777,715
Interest income	17,472	11,310	12,462	13,055	14,221	20,071	45,867	55,821	36,629	5,273
Prior year refunds	6,322	96	660	4,266	2,600	7,353	9,095	24,465	4,043	2,650
E-rate	-	6,050	8,328	2,769	-	8,200	-	-	-	-
Parking permits	-	-	-	-	-	1,255	435	245	120	2,575
Accounts payable canceled	-	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	3,060	100
Contributions	-	-	2,500	-	-	-	-	-	-	-
Joint insurance fund - surplus refund	-	-	-	-	3,548	-	-	-	-	-
Use of facilities	-	3,500	4,500	2,565	50	1,139	1,602	-	-	-
New Jersey anti-bullying aid	369	-	-	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	2,823	9,526	18,430	-
Sale of surplus equipment & materials	-	1,100	1,000	2,524	-	-	-	-	-	486
<b>Annual totals</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>	<b>\$ 4,529,183</b>	<b>\$ 4,788,799</b>

Source: District Records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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
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%
2020	20,303,722,390	21,897,316,188	92.72%
2021	21,081,666,309	21,918,882,493	96.18%

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)
2012	126,658	\$ 9,111,269,888	\$ 71,936	7.1%
2013	126,443	9,513,444,877	75,239	5.9%
2014	125,902	9,449,574,610	75,055	4.7%
2015	125,569	9,866,584,175	78,575	4.1%
2016	124,976	10,125,805,472	81,022	3.8%
2017	125,076	10,473,989,316	83,741	3.5%
2018	125,265	10,651,533,480	85,032	3.3%
2019	125,201	11,088,426,565	88,565	2.8%
2020	124,797	11,517,639,927	92,291	7.2%
2021	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**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction	17.7	17.0	16.0	15.6	17.2	17.6	16.6	18.8	20.0	22.0
Students & related services	3.6	3.6	7.0	6.0	6.0	6.5	7.7	7.2	10.0	7.3
General administration	1.8	1.8	2.0	2.0	1.8	1.8	1.8	2.0	1.5	1.5
School administration services	1.9	1.9	2.0	2.0	2.7	2.7	2.7	2.8	3.0	4.0
Business office	2.1	2.1	3.0	2.3	1.5	1.0	1.0	1.5	1.5	1.0
Other support staff	2.6	2.6	3.0	4.2	1.0	1.0	1.0	-	-	-
Plant operations & maintenance	2.5	2.5	2.0	2.9	2.9	0.9	0.9	0.9	0.9	1.2
Pupil transportation	0.1	0.1	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Total</b>	<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>	<u>37.0</u>	<u>37.0</u>

Source: District Personnel Records

**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
2012	443.6	\$ 4,225,297	\$ 9,525	14.80%	17.7	1 to 25.06	443.6	416.8	-11.95%	93.96%
2013	411.0	4,158,054	10,117	6.22%	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%	16.0	1 to 13.91	222.5	211.4	-45.86%	95.01%
2015	243.1	4,823,128	19,840	-6.40%	15.6	1 to 15.58	243.1	231.7	9.26%	95.31%
2016	265.3	5,347,421	20,155	1.59%	17.2	1 to 15.43	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%	18.8	1 to 21.47	403.7	387.6	13.10%	96.01%
2020	440.5	7,834,803	17,787	-14.85%	20.0	1 to 22.02	440.5	426.8	9.11%	96.89%
2021	468.3	8,481,774	18,111	1.82%	22.0	1 to 21.29	468.3	459.8	6.32%	98.18%

Source: District Records

- (a) Operating expenditures equal total expenditures less vocational evening school, capital expenditures and debt service.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average daily enrollment and average daily attendance are obtained from the School Register Summary.
- (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>
2012	\$ 33,873
2013	39,685
2014	28,833
2015	55,622
2016	73,918
2017	65,989
2018	440,929
2019	280,966
2020	244,032
2021	183,942
Total school facilities	<u>\$ 1,447,789</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

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2021**  
**(Unaudited)**

	Coverage
School Package - School Alliance Insurance Fund	
Property Coverage (Group Policy Maximum)	\$ 250,000,000
General Liability	10,000,000
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**



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

---

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

Honorable President and  
Members of the Board of Education  
Hunterdon County Vocational School District  
Flemington, 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 fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 9, 2022.

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

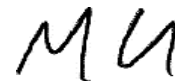
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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

February 9, 2022  
Flemington, New Jersey



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

---

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Hunterdon County Vocational School District's, (the District), compliance with the types of compliance requirements described in the 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 fiscal year ended June 30, 2021. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and 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, the Uniform Guidance 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 federal and 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 federal and state program. However, our audit does not provide a legal determination of the District's compliance.

#### Opinion on Each Major Federal and 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 federal and state programs for the fiscal year ended June 30, 2021.

#### 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 federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



**BKC, CPAs, PC**



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

February 9, 2022  
Flemington, New Jersey

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards, Schedule A  
For the Fiscal Year Ended June 30, 2021**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/20	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2021				
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education passed through State Department of Education Special Revenue Fund																	
ESSA Title I A	84.010A	S010S200030	ESSA-2308-21	\$ 9,529	07/01/20	06/30/21	\$ -	\$ -	\$ 9,529	\$ 9,529	\$ -	\$ -	\$ -	\$ -	\$ -		
ESSA Title II A	84.367A	S367A200029	ESSA-2308-21	5,698	07/01/20	06/30/21	-	-	5,698	5,698	-	-	-	-	-		
ESSA Title IV	84.424	S424A200031	ESSA-2308-21	10,000	07/01/20	06/30/21	-	-	10,000	10,000	-	-	-	-	-		
Carl D Perkins																	
Secondary	84.048A	S048A190030	PERK-2308-21	34,099	07/01/19	06/30/20	-	-	9	-	-	-	-	9	-		
Secondary	84.048A	S048A200030	PERK-2308-21	36,525	07/01/20	06/30/21	-	-	36,525	36,525	-	-	-	-	-		
Secondary - Reserve	84.048A	S048A200030	PERK-2308-21	21,738	07/01/20	06/30/21	-	-	21,738	21,738	-	-	-	-	-		
IDEA Basic Cluster	84.03	H027A200100	IDEA-2308-21	31,925	07/01/20	06/30/21	-	-	31,660	31,600	-	-	-	60	-		
CARES Emergency Relief	84.425	S425D200027	CARES-2308-22	6,049	03/13/20	09/30/22	-	-	6,049	6,049	-	-	-	-	-		
Coronavirus Relief Fund	84.425	S425D200027	CARES-2308-21	13,054	07/01/20	06/30/21	-	-	13,054	13,054	-	-	-	-	-		
Total Special Revenue Fund							-	-	134,262	134,193	-	-	-	69	-		
Total Federal Financial Assistance							\$ -	\$ -	\$ 134,262	\$ 134,193	\$ -	\$ -	\$ -	\$ 69	\$ -		

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, 2021**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020			Budgetary Expenditure	Adjustments/Repayments	Balance June 30, 2021			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	21-495-034-5120-089	\$ 158,471	07/01/20	06/30/21	\$ -	\$ -	\$ 143,268	\$ 158,471	\$ -	\$ -	\$ -	\$ -	\$ 15,203	\$ 158,471
Equalization Aid	21-495-034-5120-078	241,040	07/01/20	06/30/21	-	-	217,916	241,040	-	-	-	-	23,124	241,040
Security Aid	21-495-034-5120-084	31,411	07/01/20	06/30/21	-	-	28,398	31,411	-	-	-	-	3,013	31,411
Adjustment Aid	21-495-034-5120-085	362,396	07/01/20	06/30/21	-	-	327,629	362,396	-	-	-	-	34,767	362,396
Vocational Expansion Stabilization Aid	21-100-034-5062-032	139,965	07/01/20	06/30/21	-	-	126,537	139,965	-	-	-	-	13,428	139,965
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	21-495-034-5094-002	445,113	07/01/20	06/30/21	-	-	445,113	445,113	-	-	-	-	-	445,113
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	21-495-034-5094-004	8,469	07/01/20	06/30/21	-	-	8,469	8,469	-	-	-	-	-	8,469
On-Behalf TPAF Pension Contribution - Post Retirement Medical	21-495-034-5094-001	142,145	07/01/20	06/30/21	-	-	142,145	142,145	-	-	-	-	-	142,145
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	21-495-034-5094-004	311	07/01/20	06/30/21	-	-	311	311	-	-	-	-	-	311
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	123,862	07/01/19	06/30/20	(24,232)	-	24,232	-	-	-	-	-	-	123,862
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	138,921	07/01/20	06/30/21	-	-	124,951	138,921	-	(13,970)	-	-	-	138,921
Total General Fund					(24,232)	-	1,588,969	1,668,242	-	(13,970)	-	-	89,535	1,792,104
Special Revenue Fund														
Apprenticeship Coordinator - Somerset	20-100-034-5062-032	15,900	07/01/19	06/30/20	(15,750)	-	15,750	-	-	-	-	-	-	15,900
Apprenticeship Coordinator - Hunterdon	20-100-034-5062-032	10,600	07/01/19	06/30/20	(10,600)	-	10,600	-	-	-	-	-	-	10,600
County Vocational Comp - Heavy Equipment	18E00135	500,000	07/01/17	06/30/21	(8,585)	-	90,877	82,444	-	(152)	-	-	-	500,000
Perkins Postsecondary	21-100-034-5062-032	93,738	07/01/20	06/30/21	-	-	93,738	93,738	-	-	-	-	-	93,738
Pre-Apprenticeship in Career Education	20-100-034-5062-032	90,000	07/01/19	11/30/20	(5,193)	-	19,570	-	-	-	14,377	-	-	30,631
NJBUILD Incarcerated Women in Construction	NJBInc-1601	300,000	06/01/18	05/31/19	(1,165)	-	-	-	-	(1,165)	-	-	-	287,966
Total Special Revenue Fund					(41,293)	-	230,535	176,182	-	(1,317)	14,377	-	-	938,835

See independent auditors' report.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B (continued)**  
**For the Fiscal Year Ended June 30, 2021**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020		Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2021			Memo		
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure	
Total State Financial Assistance					\$ (65,525)	\$ -	\$ 1,819,504	\$ 1,844,424	\$ -	\$ (15,287)	\$ 14,377	\$ -	\$ 89,535	\$ 2,730,939	
Less: On-Behalf TPAF Pension System Contributions															
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund					21-495-034-5094-002			445,113							
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance					21-495-034-5094-004			8,469							
On-Behalf TPAF Pension Contribution - Postretirement Medical					21-495-034-5094-001			142,145							
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance					21-495-034-5094-004			311							
Total for State Financial Assistance - Major Program Determination								<u>\$ 1,248,386</u>							

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, 2021**

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 \$0 for the general fund and \$1,185 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, 2021**

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:

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund	\$ -	\$ -	\$ 1,668,242	\$ 1,668,242
Special revenue fund	80,000	134,193	177,367	391,560
Total awards and financial assistance	<u>\$ 80,000</u>	<u>\$ 134,193</u>	<u>\$ 1,845,609</u>	<u>\$ 2,059,802</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021. 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 fiscal year ended June 30, 2021.

Note 6 - Indirect costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

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**  
**For the Fiscal Year Ended June 30, 2021**

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:

State Grant/Project Numbers	Name of State Program
	<i>State Aid Public Cluster:</i>
<i>21-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>21-495-034-5120-078</i>	<i>Equalization Aid</i>
<i>21-495-034-5120-084</i>	<i>Security Aid</i>
<i>21-495-034-5120-085</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, 2021**

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2021.

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

There were no findings or questioned costs for the fiscal year ended June 30, 2021.

K-7

**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, 2021**

Status of Prior Year Findings

There were no prior year findings or questioned costs.