

**HUNTERDON COUNTY VOCATIONAL
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2023

**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, 2023

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

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Ashley Sanguiliano, Business Administrator
District Board Office
10 Junction Road
Flemington, NJ 08822
908-284-1444
908-806-4839 Fax

December 5, 2023

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, 2023 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). The District consistently applies for local grants to offset operating expenditures.

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 is also 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.

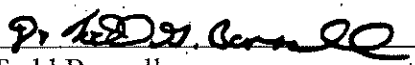
7. RISK MANAGEMENT: The Board carried various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Refer to the insurance schedule for more information.

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

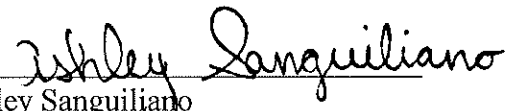
specifically to the single audit are included in the single audit section of this report.

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,

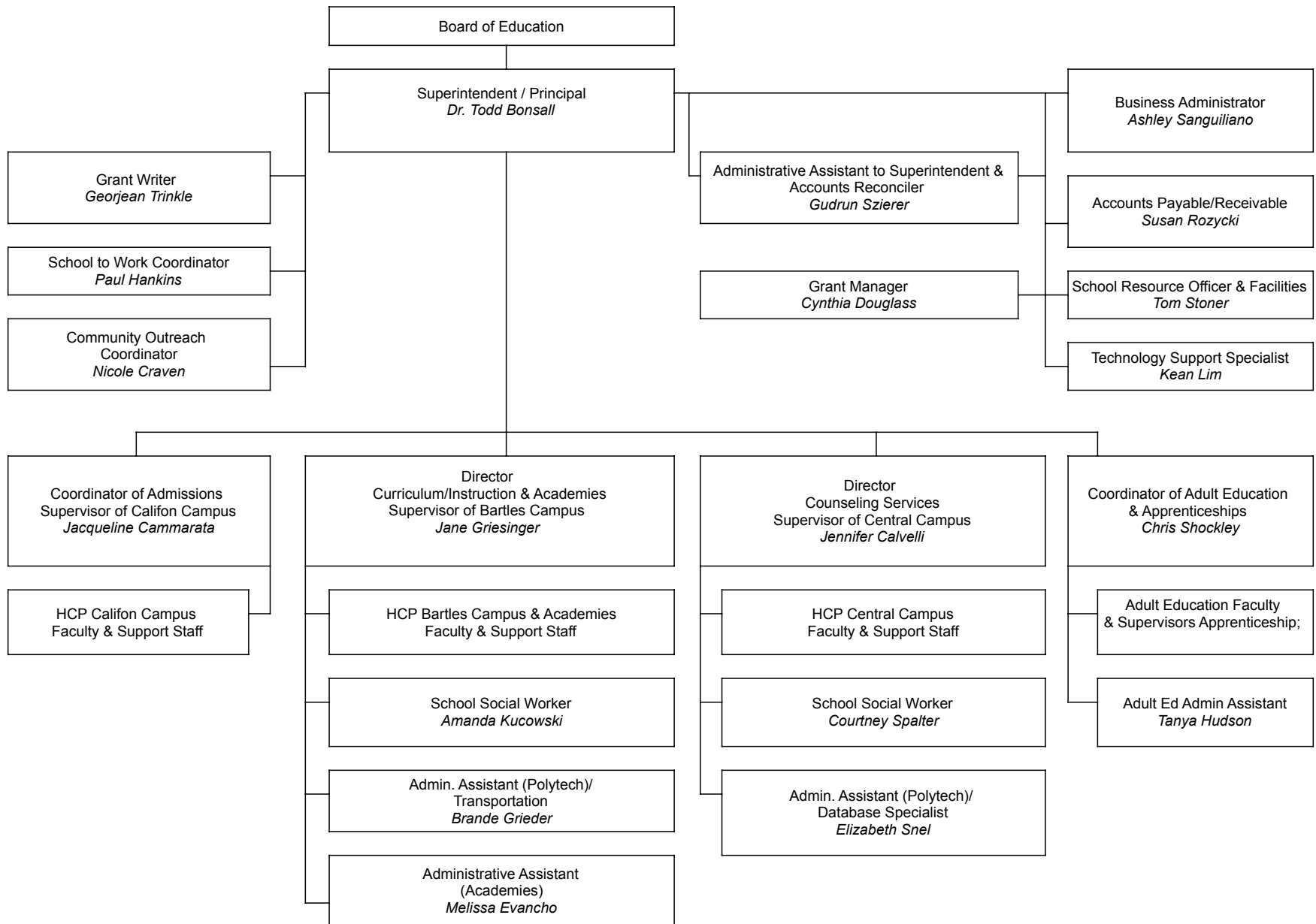


Dr. Todd Bonsall
Superintendent



Ashley Sanguiliano
Business Administrator/Board Secretary

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
ORGANIZATIONAL CHART
2022-2023**



HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Roster of Officials
June 30, 2023

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Elizabeth Martin	President	2023
Kevin Gilman	Vice-President	2026
Timothy Fox		2024
Lenore Cortina Ed.D		2025
Anthony Maglio		2025
Patrick Torpey		2025
Juan Torres	Interim Co. Ex. Superintendent	No Term

<u>Other Officials</u>	<u>Title</u>
Dr. Todd Bonsall	Superintendent
Ashley Sanguiliano	Board Secretary/School Business Administrator
Vex Law, LLC	Solicitor
Jeffrey Kuhl	Commissioner Liaison

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Consultants and Advisors
June 30, 2023

AUDIT FIRM

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

ATTORNEY

Howard A. Vex, Esq.
Vex Law, LLC
2001 Route 46, Suite 310
Parsippany, NJ 07054

OFFICIAL DEPOSITORY

Citizens Bank
Three Bridges, NJ 08887



Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hunterdon County Vocational School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2023, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of Management and, 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.

Supplementary 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 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 presented for purposes of additional analysis not a required part of the Basic Financial Statements.

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The 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 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Combining and Individual Non-Major Fund Financial Schedules and Statistical Sections but does not include the Basic Financial Statements and our auditor's report thereon. Our opinion on the Basic Financial Statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the Basic Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Basic Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023, 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 Holk, CPA, PSA
NO. 20CS00265600

December 5, 2023
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, 2023
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, 2023. 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 2022-23 school year was another great year for District growth as the District continues to enhance full-time academies and grow their full-time programs. Due to these efforts and the promotion of the career and technical education at the grammar school level, the majority of the District academy programs are at capacity. 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, 2023
Unaudited

Financial Highlights

Key financial highlights for 2023 are as follows:

- General revenues accounted for \$4,277,230 in revenue, or 37.73% of all revenues. Program specific revenues in the form of charges for services, (including tuition) and operating and capital grants accounted for \$7,058,706 or 62.27% of total revenues of \$11,335,936.
- The School District has \$10,769,788 in expenses; only \$7,058,706 of these expenses were 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 \$9,506,040 in revenues, \$9,481,607 in expenditures and \$178,000 in other financing sources. The general fund's balance increased by \$202,433 from the previous year.

Using this Comprehensive Annual 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 2023?" 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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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

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

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

- **Governmental Activities** - All of the School 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, 2023
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 2023 compared to 2022.

Table 1
Net Position

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 5,091,975	\$ 4,387,058	\$ 704,917	16.07%
Capital assets	12,673,842	12,657,082	16,760	0.13%
Total assets	17,765,817	17,044,140	721,677	4.23%
Deferred pension activity				
Deferred outflow of resources	303,373	379,863	(76,490)	-20.14%
Liabilities				
Long-term liabilities	2,264,804	2,417,908	(153,104)	-6.33%
Other liabilities	1,294,909	585,561	709,348	121.14%
Total liabilities	3,559,713	3,003,469	556,244	18.52%
Deferred pension activity				
Deferred inflow of resources	410,605	877,460	(466,855)	-53.21%
Net position				
Net investment in capital assets	12,673,842	12,657,082	16,760	0.13%
Restricted	2,863,240	2,913,173	(49,933)	-1.71%
Unrestricted	(1,438,210)	(2,027,181)	588,971	29.05%
Total net position	\$ 14,098,872	\$ 13,543,074	\$ 555,798	4.10%

Current assets have increased \$704,917 and unrestricted net position has increased \$588,971.

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, 2023
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Table 2 shows the changes in net position for the fiscal year ended June 30, 2023 compared to June 30, 2022.

Table 2
Changes in Net Position

	06/30/2023	06/30/2022	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 5,774,523	\$ 5,417,689	\$ 356,834	6.59%
Operating grants	592,715	488,996	103,719	21.21%
Capital grants and contributions	691,468	901,534	(210,066)	-23.30%
General revenues				
County taxes	1,729,491	1,712,367	17,124	1.00%
Unrestricted grants	2,475,466	2,538,743	(63,277)	-2.49%
Investment income	27,385	3,764	23,621	627.55%
Other	44,888	35,662	9,226	25.87%
Total revenues	<u>11,335,936</u>	<u>11,098,755</u>	<u>237,181</u>	<u>2.14%</u>
Program expenses				
Instruction				
Regular	6,547,351	5,963,207	584,144	9.80%
Special	29,247	149,853	(120,606)	-80.48%
Other	95,894	75,385	20,509	27.21%
Support services				
Student & instructional related services	1,391,406	1,394,699	(3,293)	-0.24%
General & business administration	867,279	834,469	32,810	3.93%
School administration	794,314	799,370	(5,056)	-0.63%
Maintenance	586,509	540,636	45,873	8.49%
Transportation	85,852	64,934	20,918	32.21%
Interest and other charges	37,934	37,934	-	0.00%
Special school	310,331	311,066	(735)	-0.24%
Special services	23,671	2,506	21,165	844.57%
Total expenses	<u>10,769,788</u>	<u>10,174,059</u>	<u>595,729</u>	<u>5.86%</u>
Increase (decrease) in net position before special items	<u>566,148</u>	<u>924,696</u>	<u>(358,548)</u>	<u>-38.77%</u>
Special item				
Gain/(loss) on disposal of assets	<u>(10,350)</u>	<u>(5,672)</u>	<u>(4,678)</u>	<u>82.48%</u>
Change in net position	<u>\$ 555,798</u>	<u>\$ 919,024</u>	<u>\$ (363,226)</u>	<u>-39.52%</u>

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
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Governmental Activities

County taxes made up 15.09% of revenues for governmental funds for fiscal year 2023. The District's total revenues for governmental funds were \$11,459,586 for the fiscal year ended June 30, 2023. Tuition revenue in a total amount of \$5,644,221 accounted for 49.21% 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 \$44,000 and operating expenses of \$23,671 resulting in a net income of \$20,329 for fiscal year 2023.

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	
	06/30/23	06/30/22	06/30/23	06/30/22
Instruction	\$ 6,672,492	\$ 6,188,445	\$ 583,500	\$ 545,891
Support services				
Student & instructional related services	1,391,406	1,394,699	1,104,090	978,099
General & business administration	867,279	834,469	769,782	729,930
School administration	794,314	799,370	714,795	722,677
Plant operations & maintenance	586,509	540,636	542,947	504,806
Pupil transportation	85,852	64,934	75,480	64,934
Interest and other charges	37,934	37,934	37,934	37,934
Special schools	310,331	311,066	(97,117)	(184,217)
Customized training	23,671	2,506	(20,329)	(34,214)
Total	<u>\$ 10,769,788</u>	<u>\$ 10,174,059</u>	<u>\$ 3,711,082</u>	<u>\$ 3,365,840</u>

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

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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 73.34% continues to be from local sources including tax levy, outside tuition, and miscellaneous revenues. State and Federal aid represents about 26.66% of the total revenues.

The following schedule represents a summary of the revenues of the general and special revenues and expenditures funds for the fiscal year ended June 30, 2023.

Revenue	<u>Amount</u>	<u>Percent of Total</u>
Local sources	\$ 8,107,693	73.34%
State sources	2,705,039	24.47%
Federal sources	241,936	2.19%
Total	<u><u>\$ 11,054,668</u></u>	100.00%

Expenditures	<u>Amount</u>	<u>Percent of Total</u>
Current		
Instruction	\$ 5,009,125	45.95%
Undistributed expenditures	4,224,489	38.75%
Capital outlay	891,545	8.18%
Debt service	366,707	3.36%
Interest and other charges	37,934	0.35%
Adult vocational	371,628	3.41%
Total	<u><u>\$ 10,901,428</u></u>	100.00%

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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 \$291,103 under the original budgeted estimates of \$8,671,430. This difference was due primarily to a short fall in tuition revenue.

Capital Assets

Table 4 provides a summary of the School District’s capital assets net of depreciation at June 30, 2023 with a comparison to 2022.

Table 4
Capital Assets (Net of Depreciation)

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Land	\$ 1,129,855	\$ 1,129,855	\$ -	0.00%
Construction in progress	2,057,510	1,366,042	691,468	50.62%
Land improvement	24,293	34,774	(10,481)	-30.14%
Buildings & improvements	7,584,366	7,866,567	(282,201)	-3.59%
Furniture & equipment	1,072,898	1,083,019	(10,121)	-0.93%
Right-to-use	804,920	1,176,825	(371,905)	-31.60%
Total	\$ 12,673,842	\$ 12,657,082	\$ 16,760	0.13%

Long-term liabilities

At June 30, 2023, the School District had \$2,264,804 of outstanding long-term liabilities. This amount is detailed in Table 5 below for June 30, 2023 compared to June 30, 2022.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Table 5
Long-Term Liabilities at Year End

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Compensated absences payable	\$ 220,265	\$ 191,417	\$ 28,848	15.07%
PERS net pension liability	1,221,924	1,037,169	184,755	17.81%
Right-to-use	822,615	1,189,322	(366,707)	-30.83%
	<u>\$ 2,264,804</u>	<u>\$ 2,417,908</u>	<u>\$ (153,104)</u>	<u>-6.33%</u>

For the Future

Space is still the dominant problem facing HCVSD. Initiating new and emerging programs to meet the need of a changing economy present tremendous challenges in terms of space and revenue. For the past several years and again for the 2022-23 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. Additionally, the District is working towards building a new campus on the North Hunterdon High School site through the use of grant funding.

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, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 864,994	\$ 55,382	\$ 920,376
Receivables, net	1,290,030	-	1,290,030
Other assets	10,000	-	10,000
Restricted assets			
Capital reserve - cash	2,421,179	-	2,421,179
Maintenance reserve - cash	261,069	-	261,069
Scholarships - cash	17,523	-	17,523
Student activities - cash	103,069	-	103,069
Unemployment claims - cash	68,729	-	68,729
Capital assets, net			
Land	1,129,855	-	1,129,855
Construction in progress	2,057,510	-	2,057,510
Other capital assets, net of depreciation and amortization	9,486,477	-	9,486,477
Total assets	17,710,435	55,382	17,765,817
Deferred outflows of resources			
Deferred amount on pension activity	303,373	-	303,373
Liabilities			
Accounts payable	23,003	-	23,003
Payroll deductions and withholdings payable	79,735	-	79,735
Unearned revenue	1,183,842	-	1,183,842
Unemployment compensation claims payable	8,329	-	8,329
Long-term liabilities			
Due within one year	414,760	-	414,760
Due beyond one year	1,850,044	-	1,850,044
Total liabilities	3,559,713	-	3,559,713
Deferred inflows of resources			
Deferred amount on pension liability	410,605	-	410,605

See accompanying notes to the financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Net Position (continued)
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position			
Net investment in capital assets	\$ 12,673,842	\$ -	\$ 12,673,842
Restricted for			
Capital reserve	2,421,179	-	2,421,179
Maintenance reserve	261,069	-	261,069
Scholarships	17,523	-	17,523
Student activities	103,069	-	103,069
Unemployment claims	60,400	-	60,400
Unrestricted	(1,493,592)	55,382	(1,438,210)
Total net position	<u>\$ 14,043,490</u>	<u>\$ 55,382</u>	<u>\$ 14,098,872</u>

See accompanying notes to the financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

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	\$ 4,899,490	\$ 1,647,861	\$ 5,329,430	\$ 364,029	\$ 367,861	\$ (486,031)	\$ -	\$ (486,031)
Special education	23,944	5,303	-	8,944	-	(20,303)	-	(20,303)
Other instruction	85,691	10,203	-	18,728	-	(77,166)	-	(77,166)
Support services								
Students and instruction related services	1,053,078	338,328	86,302	201,014	-	(1,104,090)	-	(1,104,090)
General and business administration services	681,029	186,250	-	-	97,497	(769,782)	-	(769,782)
School administration services	584,851	209,463	-	-	79,519	(714,795)	-	(714,795)
Plant operations and maintenance	589,855	(3,346)	-	-	43,562	(542,947)	-	(542,947)
Pupil transportation	85,764	88	-	-	10,372	(75,480)	-	(75,480)
Special schools	371,628	(61,297)	314,791	-	92,657	97,117	-	97,117
Interest on long-term debt	37,934	-	-	-	-	(37,934)	-	(37,934)
Total governmental activities	<u>8,413,264</u>	<u>2,332,853</u>	<u>5,730,523</u>	<u>592,715</u>	<u>691,468</u>	<u>(3,731,411)</u>	<u>-</u>	<u>(3,731,411)</u>
Business-type activities								
Special services	23,671	-	44,000	-	-	-	20,329	20,329
Total business-type activities	<u>23,671</u>	<u>-</u>	<u>44,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,329</u>	<u>20,329</u>
Total primary government	<u>\$ 8,436,935</u>	<u>\$ 2,332,853</u>	<u>\$ 5,774,523</u>	<u>\$ 592,715</u>	<u>\$ 691,468</u>	<u>(3,731,411)</u>	<u>20,329</u>	<u>(3,711,082)</u>
General revenues, special items and transfers								
County taxes levied for general purposes						1,729,491	-	1,729,491
Federal and state aid not restricted						2,475,466	-	2,475,466
Investment earnings						27,385	-	27,385
Miscellaneous income						44,888	-	44,888
Loss on disposal of assets						(10,350)	-	(10,350)
Transfer in (out)						178,000	(178,000)	-
Total general revenues, special items and transfers						<u>4,444,880</u>	<u>(178,000)</u>	<u>4,266,880</u>
Change in net position						713,469	(157,671)	555,798
Net position - beginning						13,330,021	213,053	13,543,074
Net position - ending						<u>\$ 14,043,490</u>	<u>\$ 55,382</u>	<u>\$ 14,098,872</u>

See accompanying notes to the 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, 2023

	General Fund	Special Revenue Fund	Capital Project Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 864,994	\$ -	\$ -	\$ 864,994
Due from other funds	54,402	-	-	54,402
Receivables from other governments				
State	7,313	700	1,194,752	1,202,765
Federal	-	16,148	-	16,148
Local	44,473	-	-	44,473
Other accounts receivable	-	26,644	-	26,644
Security deposit	10,000	-	-	10,000
Restricted cash and cash equivalents	2,750,977	120,592	-	2,871,569
Total assets	\$ 3,732,159	\$ 164,084	\$ 1,194,752	\$ 5,090,995
Liabilities and fund balances				
Liabilities				
Due to other funds	\$ -	\$ 43,220	\$ 11,182	\$ 54,402
Accounts payable	23,003	-	-	23,003
Payroll deductions and withholdings payable	79,735	-	-	79,735
Unearned revenue	-	272	1,183,570	1,183,842
Unemployment compensation claims payable	8,329	-	-	8,329
Total liabilities	111,067	43,492	1,194,752	1,349,311

See accompanying notes to the financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2023

	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	\$ 244,179	\$ -	\$ -	\$ 244,179
Excess surplus - current year	199,364	-	-	199,364
Capital reserve	2,421,179	-	-	2,421,179
Maintenance reserve	261,069	-	-	261,069
Scholarships	-	17,523	-	17,523
Student activities	-	103,069	-	103,069
Unemployment claims	60,400	-	-	60,400
Committed fund balance				
Encumbrances	23,082	-	-	23,082
Unassigned fund balance	411,819	-	-	411,819
Total fund balances	3,621,092	120,592	-	3,741,684
Total liabilities and fund balances	\$ 3,732,159	\$ 164,084	\$ 1,194,752	

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 \$19,629,646 and the accumulated depreciation is \$6,955,804.	12,673,842
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(107,232)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,264,804)
Total net position of governmental activities	\$ 14,043,490

See accompanying notes to the 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, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Local sources				
County tax levy	\$ 1,729,491	\$ -	\$ -	\$ 1,729,491
County sources	-	-	172,867	172,867
Tuition charges				
Individuals	314,791	-	-	314,791
Other LEAs	5,329,430	-	-	5,329,430
Interest on investments	27,242	143	-	27,385
Miscellaneous	44,888	310,841	-	355,729
Total local sources	7,445,842	310,984	172,867	7,929,693
State sources	2,060,198	126,240	518,601	2,705,039
Federal sources	-	241,936	-	241,936
Total revenues	9,506,040	679,160	691,468	10,876,668
Expenditures				
Current				
Instructional				
Regular instruction	4,773,660	125,830	-	4,899,490
Special education instruction	15,000	8,944	-	23,944
Other instruction	66,963	18,728	-	85,691
Support service & undistributed costs				
Student & instruction related services	716,426	336,652	-	1,053,078
General & business administrative services	681,029	-	-	681,029
School administrative services	584,851	-	-	584,851
Plant operations & maintenance	589,855	-	-	589,855
Pupil transportation	85,764	-	-	85,764
Unallocated benefits	1,181,843	48,069	-	1,229,912

See accompanying notes to the 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, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Expenditures (cont'd)				
Capital outlay	\$ 9,947	\$ 190,130	\$ 691,468	\$ 891,545
Debt service				
Principal	366,707	-	-	366,707
Interest & other charges	37,934	-	-	37,934
Special schools	371,628	-	-	371,628
Total expenditures	<u>9,481,607</u>	<u>728,353</u>	<u>691,468</u>	<u>10,901,428</u>
Excess (deficit) of revenues over (under) expenditures	24,433	(49,193)	-	(24,760)
Other financing sources (uses)				
Transfer in (out)	178,000	-	-	178,000
Total other financing sources (uses)	<u>178,000</u>	<u>-</u>	<u>-</u>	<u>178,000</u>
Net change in fund balance	202,433	(49,193)	-	153,240
Fund balances, July 1	<u>3,418,659</u>	<u>169,785</u>	<u>-</u>	<u>3,588,444</u>
Fund balances, June 30	<u>\$ 3,621,092</u>	<u>\$ 120,592</u>	<u>\$ -</u>	<u>\$ 3,741,684</u>

See accompanying notes to the 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, 2023

Total net changes in fund balances - governmental fund (from B-2)	\$	153,240
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:		
Capital outlays	\$ 891,545	
Depreciation and amortization expense	(864,435)	
Loss on disposal of assets	<u>(10,350)</u>	16,760
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.		
		205,610
Repayment of leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:		
Lease principal payments		366,707
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.		
		<u>(28,848)</u>
Change in net position of governmental activities	\$	<u><u>713,469</u></u>

See accompanying notes to the financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2023

	Special Services
Assets	
Current assets	
Cash and cash equivalents	\$ 55,382
Total assets	55,382
Net position	
Unrestricted	55,382
Total net position	\$ 55,382

See accompanying notes to the 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, 2023

	<u>Special Services</u>
Operating revenues	
Program fees	<u>\$ 44,000</u>
Operating expenses	
Salaries	13,370
Supplies and materials	<u>10,301</u>
Total operating expenses	<u>23,671</u>
Operating income	<u>20,329</u>
Other financing sources (uses)	
Transfer out	<u>(178,000)</u>
Change in net position	(157,671)
Net position, beginning	<u>213,053</u>
Net position, ending	<u><u>\$ 55,382</u></u>

See accompanying notes to the financial statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	<u>Special Services</u>
Cash flows from operating activities	
Receipts from customers (net)	\$ 44,000
Payments to vendors (net)	<u>(23,671)</u>
Net cash provided by (used for) operating activities	<u>20,329</u>
Cash flows from financing activities	
Transfer out	<u>(178,000)</u>
Net increase (decrease) in cash and cash equivalents	(157,671)
Cash and cash equivalents, beginning	<u>213,053</u>
Cash and cash equivalents, ending	<u><u>\$ 55,382</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	<u>\$ 20,329</u>
Net cash provided by (used for) operating activities	<u><u>\$ 20,329</u></u>

See accompanying notes to the 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, 2023 of 576 students.

B. Government-wide and fund financial statements

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

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

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

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

J. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by 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, 2023, 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, 2023, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$	250,000
Insured by GUDPA		3,532,174
Total bank balances	\$	3,782,174

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

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

Deposits at June 30, 2023 appear in the financial statements as summarized below:

Cash and cash equivalents		<u>\$ 3,791,945</u>
	<u>Ref.</u>	
Unrestricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	\$ 864,994
Enterprise funds, Statement of Net Position	B-4	55,382
Restricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	<u>2,871,569</u>
Total cash and cash equivalents		<u>\$ 3,791,945</u>

Note 3 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated or amortized				
Land	\$ 1,129,855	\$ -	\$ -	\$ 1,129,855
Construction in progress	1,366,042	691,468	-	2,057,510
Total	<u>2,495,897</u>	<u>691,468</u>	<u>-</u>	<u>3,187,365</u>
Capital assets, being depreciated or amortized				
Land improvements	209,638	-	-	209,638
Building & improvements	11,865,131	7,308	-	11,872,439
Furniture & equipment	2,300,003	192,769	36,746	2,456,026
Buses & other vehicles	44,650	-	-	44,650
Right-to-use asset	1,859,528	-	-	1,859,528
Total	<u>16,278,950</u>	<u>200,077</u>	<u>36,746</u>	<u>16,442,281</u>
Accumulated depreciation or amortization				
Land improvements	174,864	10,481	-	185,345
Building & improvements	3,998,564	289,509	-	4,288,073
Furniture & equipment	1,216,984	192,540	26,396	1,383,128
Buses & other vehicles	44,650	-	-	44,650
Right-to-use asset	682,703	371,905	-	1,054,608
Total	<u>6,117,765</u>	<u>864,435</u>	<u>26,396</u>	<u>6,955,804</u>
Total capital assets, being depreciated or amortized, net	<u>10,161,185</u>	<u>(664,358)</u>	<u>10,350</u>	<u>9,486,477</u>
Governmental activities capital assets, net	<u>\$ 12,657,082</u>	<u>\$ 27,110</u>	<u>\$ 10,350</u>	<u>\$ 12,673,842</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	\$	583,907
Special education		2,851
Other education		10,203
Support services		
Student & instruction		81,090
General & business administration		69,947
School administration		113,087
Plant maintenance		3,350
Total depreciation expense, governmental activities	\$	<u>864,435</u>

Note 4 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Compensated absences payable	\$ 191,417	\$ 28,848	\$ -	\$ 220,265	\$ 37,174
PERS net pension liability	1,037,169	184,755	-	1,221,924	-
Leases payable	<u>1,189,322</u>	<u>-</u>	<u>366,707</u>	<u>822,615</u>	<u>377,586</u>
Total governmental activities long-term liabilities	<u>\$ 2,417,908</u>	<u>\$ 213,603</u>	<u>\$ 366,707</u>	<u>\$ 2,264,804</u>	<u>\$ 414,760</u>

Leases payable

The annual requirements to amortize all leases outstanding as of June 30, 2023, including interest payments are listed as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 377,586	\$ 2,991	\$ 380,577
2025	380,367	1,460	381,827
2026	64,662	360	65,022
Total	<u>\$ 1,822,615</u>	<u>\$ 4,811</u>	<u>\$ 827,426</u>

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Long-term debt (continued)
Leases payable (continued)

Leases payable - Leases payable at June 30, 2023, with their outstanding balances are comprised of the following:

\$1,553,991 - 2020 Facilities lease, Bartles Corner, interest at 0.31%, due in monthly installments beginning July 1, 2021 to June 30, 2025.	\$	634,110
\$305,537 - 2021 Facilities lease, HCESC, interest at 0.89%, due in monthly installments beginning July 1, 2021 to June 30, 2026.		188,505
Total	\$	<u>822,615</u>

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.

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.

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	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plans (continued)

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

Plan description (continued)

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

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.

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, 2022 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, 2022 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, 2021 through June 30, 2022. 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.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plans (continued)

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

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 non-contributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

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

The District's contractually required contribution rate for the year ended June 30, 2023 was 20.33% 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.

Special funding situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be 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 under this legislation 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 related to this legislation. 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 collective 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.

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

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2022:

Net pension liability	\$	1,221,924
Proportionate share		0.0080968368%
 Plan fiduciary net position as a percentage of the total pension liability		 62.91%

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate		
Price		2.75%
Wage		3.25%
 Salary increases (based on years of service)		 2.75 - 6.55%
 Investment rate of return		 7.00%

Preretirement mortality rates were based on the Pub-2010 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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plans (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 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, 2022 measurement date are summarized in the following table:

Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 projected benefit payments and the municipal bond rate 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, 2022 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%)	\$	1,221,924
At a 1% lower rate (6.00%)		1,583,109
At a 1% higher rate (8.00%)		933,696

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2022 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	\$ 8,819	\$ 7,777
Changes of assumptions	3,786	182,970
Net difference between projected and actual earnings on pension plan investments	50,574	-
Changes in proportion and differences between District contributions and proportionate share of contributions	138,089	219,858
District contributions subsequent to the measurement date	102,105	-
Total	\$ 303,373	\$ 410,605

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, 2023, the Plan measurement date is June 30, 2022) of \$102,105 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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, 2022 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	\$ 16,357	\$ (7,538)	\$ 8,819
Changes of assumptions	5,402	(1,616)	3,786
Differences between expected and actual experience	-	50,574	50,574
Deferred inflows of resources			
Differences between expected and actual experience	(7,425)	(352)	(7,777)
Changes of assumptions	(369,239)	186,269	(182,970)
Difference between projected and actual earnings on pension plan investments	(273,218)	273,218	-
Net of deferred outflows	\$ (628,123)	\$ 500,555	\$ (127,568)

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 (benefit) as follows:

Fiscal Year Ended June 30,

2023	\$ (104,815)
2024	(53,400)
2025	(26,042)
2026	56,814
2027	(125)
Total	\$ (127,568)

Pension expense (benefit)

For the fiscal year ended June 30, 2023, the District recognized net pension expense (benefit) of (\$103,463), which represents the District's proportionate share of allocable plan pension expense (benefit) of (\$88,493), plus the net amortization of deferred amounts from changes in proportion of (\$15,438), and plus other adjustments to the net pension liability of \$468. 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, 2022 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 (benefit) (continued)

Service cost	\$	58,899
Interest on total pension liability		236,226
Benefit changes		685
Member contributions		(49,118)
Administrative expense		1,055
Expected investment return net of investment expense		(157,688)
Pension expense related to specific liabilities of individual employers		(846)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		2,796
Changes of assumptions		(176,580)
Difference between projected and actual investment earnings on pension plan investments		(3,922)
Pension expense (benefit)	\$	(88,493)

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.

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	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled 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 2022, 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, 2022, the State of New Jersey contributed \$618,585 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, 2022 measurement date is as follows:

District proportionate share of net pension liability	\$	11,261,828
Less: State proportionate share of net pension liability		3,636,110
Net pension liability	\$	7,625,718

Proportionate share		0.0147801227%
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Plan fiduciary net position as a percentage of the total pension liability		32.29%
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Actuarial assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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)		2.75 - 6.56%
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-2021.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022 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, 2022 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%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 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. Therefore, the long-term expected rate of return on plan investments was applied to all 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, 2022 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%)	\$	7,625,718
At a 1% lower rate (6.00%)		8,941,316
At a 1% higher rate (8.00%)		6,517,492

Pension expense (benefit)

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, 2022 measurement date are as follows:

Service cost	\$	176,347
Interest on total pension liability		759,518
Benefit changes		-
Member contributions		(133,891)
Administrative expense		1,865
Expected investment return net of investment expense		(292,646)
Pension expense related to specific liabilities of individual employers		(58)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		29,615
Changes of assumptions		(353,636)
Difference between projected and actual investment earnings on pension plan investments		18,115
Pension expense (benefit)	\$	205,229

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 (\$9,000 in 2023) 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.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Pension plans (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 2023 was \$2,240.

D. Other pension plan information

During the year ended June 30, 2023, the State of New Jersey contributed \$203,052 to the TPAF for postretirement medical benefits, \$10,577 for non-contributory insurance premiums, \$524 for long-term disability insurance, and \$762,371 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 \$149,189 during the year ended June 30, 2023 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 Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits. In fiscal year 2022, the State paid OPEB benefits for 161,238 State and local retirees.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP).

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following Plans: TPAF, PERS, PFRS, or ABP.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Postretirement benefits (continued)

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/taxation/payments-notices.shtml>.

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.

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, 2022 measurement date is as follows:

State’s proportionate share of the OPEB liability	\$ 50,646,462,966
District’s proportionate share of the State’s OPEB liability	6,965,334
Employer OPEB expense and related revenue	207,468
 Allocable proportionate percentage	 0.0137528538%

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

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

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2021	\$ 7,790,734
Service cost	320,871
Interest cost	184,589
Change of benefit terms	-
Differences between expected and actual experiences	714,628
Changes of assumptions	(1,868,513)
Member contributions	5,866
Gross benefit payments	(182,841)
Total OPEB liability at June 30, 2022	\$ 6,965,334

There were no changes of the benefit terms from June 30, 2021 to June 30, 2022.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% as of the June 30, 2021 Plan measurement date to 3.54% as of the June 30, 2022 Plan measurement date.

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases	2.75% - 4.25%	2.75% - 6.55%

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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 Safety (PFRS), General (PERS), and Teachers (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF and PERS.

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2022 was 3.54%. 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, 2022 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB liability (school retirees)

At current discount rate (3.54%)	\$	6,965,334
At a 1% lower rate (2.54%)		8,187,017
At a 1% higher rate (4.54%)		5,986,216

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	\$	6,965,334
At a 1% lower rate (1% decrease)		5,757,274
At a 1% higher rate (1% increase)		8,552,194

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Postretirement benefits (continued)

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$207,468 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB Plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

Note 7 - Deferred compensation

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

MetLife	AXA Equitable
Variable Annuity Life Insurance Co.	

Note 8 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2023 is as follows:

	Receivable	Payable
General fund	\$ 54,402	\$ -
Capital projects fund	-	11,182
Special revenue	-	43,220
	\$ 54,402	\$ 54,402

The balance due from the special revenue fund of \$43,220 and from capital projects fund of \$11,182 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

Grantor Agencies

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.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 10 - Risk management (continued)

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.

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:

<u>Fiscal Year</u>	<u>Board Contrib.</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance Available for Claims</u>
2022 - 2023	\$ -	\$ 526	\$ 5,823	\$ 5,374	\$ 68,729
2021 - 2022	-	70	5,447	-	67,754
2020 - 2021	-	77	4,762	2,329	62,237

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.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - District reserve accounts (continued)

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 \$60,000 to their capital reserve account by Board Resolution in June 2023, 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	\$ 2,343,414	\$ 60,000	\$ 17,765	\$ -	\$ -	\$ 2,421,179
Maintenance	340,100	-	-	95,969	175,000	261,069
Total	<u>\$ 2,683,514</u>	<u>\$ 60,000</u>	<u>\$ 17,765</u>	<u>\$ 95,969</u>	<u>\$ 175,000</u>	<u>\$ 2,682,248</u>

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, 2023 is as follows:

Restricted

Excess surplus - designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 244,179
Excess surplus - represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets.	199,364
Capital reserve account - represents funds restricted to capital projects in the Districts long range facilities plan.	2,421,179
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).	261,069
Unemployment compensation - represents funds accumulated for future unemployment claims.	60,400

Committed

Year-end encumbrance - represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	23,082
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Unassigned

Undesignated - represents fund balance which has not been restricted or designated.	501,354
Total fund balance - budgetary basis (Exhibit C-1)	3,710,627
Last state aid payments not recognized on GAAP basis	(89,535)
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 3,621,092</u>

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$199,364.

Note 14 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2023 of (\$1,493,592) on Schedule A-1, Statement of Net Position. The deficit balance is a result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Note 15 - Recent accounting pronouncements not yet effective

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

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

Note 16 - Subsequent events

The District has evaluated subsequent events through December 5, 2023, 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, 2023

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Revenues					
Local sources					
County tax levy	\$ 1,729,491	\$ -	\$ 1,729,491	\$ 1,729,491	\$ -
Tuition from other LEAs	5,434,475	-	5,434,475	5,329,430	(105,045)
Tuition from other sources	500,000	-	500,000	314,791	(185,209)
Unrestricted miscellaneous revenues	49,181	-	49,181	53,839	4,658
Interest earned on capital reserve funds	25,000	-	25,000	17,765	(7,235)
Other restricted miscellaneous revenues	-	-	-	526	526
Total	7,738,147	-	7,738,147	7,445,842	(292,305)
State sources					
Categorical Special Education Aid	158,471	-	158,471	158,471	-
Vocational Expansion Stabilization Aid	272,640	-	272,640	272,640	-
Equalization Aid	241,040	-	241,040	241,040	-
Categorical Security Aid	31,411	-	31,411	31,411	-
Adjustment Aid	229,721	-	229,721	229,721	-
Lead testing for drinking water	-	-	-	1,202	1,202
TPAF Pension (on-behalf)	-	-	-	762,371	762,371
TPAF Non-contributory insurance	-	-	-	10,577	10,577
TPAF Social Security (reimbursed)	-	-	-	149,189	149,189
TPAF Postretirement benefits	-	-	-	203,052	203,052
TPAF Long-term disability insurance	-	-	-	524	524
Total	933,283	-	933,283	2,060,198	1,126,915
Total revenues	\$ 8,671,430	\$ -	\$ 8,671,430	\$ 9,506,040	\$ 834,610
Expenditures					
Current					
Instruction - regular program					
Other purchased services	\$ 2,115,957	\$ (72,569)	\$ 2,043,388	\$ 2,043,378	\$ 10
Total	2,115,957	(72,569)	2,043,388	2,043,378	10
Regular vocational programs - instruction					
Salaries of Teachers	1,660,340	(97,123)	1,563,217	1,562,859	358
Purchased professional - educational services	382,667	35,464	418,131	353,391	64,740
Purchased technical services	95,440	761	96,201	94,254	1,947
Other purchased services	70,761	1,610	72,371	62,559	9,812
General supplies	169,994	46,805	216,799	195,964	20,835
Textbooks	12,971	2,569	15,540	13,459	2,081
Other objects	2,469	85	2,554	135	2,419
Total	2,394,642	(9,829)	2,384,813	2,282,621	102,192
Special vocational programs - instruction					
Salaries of Teachers	69,265	(15,963)	53,302	15,000	38,302
Purchased professional - educational services	200	-	200	-	200
Other purchased services	700	-	700	-	700
General supplies	200	629	829	-	829
Total	70,365	(15,334)	55,031	15,000	40,031

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
School-sponsored co/extra curricular activities - instruction					
Salaries	\$ 34,000	\$ 6,337	\$ 40,337	\$ 37,337	\$ 3,000
Purchased services	5,000	(4,147)	853	786	67
Supplies and materials	1,000	(1,000)	-	-	-
Other objects	7,500	21,340	28,840	28,840	-
Total	<u>47,500</u>	<u>22,530</u>	<u>70,030</u>	<u>66,963</u>	<u>3,067</u>
Total instruction regular	<u>\$ 4,628,464</u>	<u>\$ (75,202)</u>	<u>\$ 4,553,262</u>	<u>\$ 4,407,962</u>	<u>\$ 145,300</u>
Undistributed expenditures					
Undistributed expenditures - attendance & social work					
Salaries	\$ 155,264	\$ 1,320	\$ 156,584	\$ 156,069	\$ 515
Other purchased services	1,750	105	1,855	915	940
Supplies and materials	750	-	750	355	395
Other objects	750	-	750	46	704
Total	<u>158,514</u>	<u>1,425</u>	<u>159,939</u>	<u>157,385</u>	<u>2,554</u>
Undistributed expenditures - health services					
Salaries	2,500	-	2,500	-	2,500
Purchased professional and technical services	103,000	-	103,000	99,252	3,748
Other purchased services	300	-	300	300	-
Supplies and materials	2,000	-	2,000	1,881	119
Total	<u>107,800</u>	<u>-</u>	<u>107,800</u>	<u>101,433</u>	<u>6,367</u>
Undistributed expenditures - guidance					
Salaries of other Professional Staff	85,085	26,604	111,689	111,689	-
Salaries of Secretarial and Clerical Assistants	34,949	-	34,949	34,606	343
Purchased professional - educational services	30,000	13,000	43,000	42,338	662
Other purchased professional & technical services	16,000	10,820	26,820	26,808	12
Other purchased services	2,400	1,890	4,290	4,290	-
Supplies and materials	26,291	(8,415)	17,876	13,740	4,136
Total	<u>194,725</u>	<u>43,899</u>	<u>238,624</u>	<u>233,471</u>	<u>5,153</u>
Undistributed expenditures - improvement of inst. service					
Salaries of Supervisor of Instruction	57,119	-	57,119	53,665	3,454
Salaries of Secretarial & Clerical Assist	34,439	-	34,439	34,439	-
Other purchased services	1,200	177	1,377	577	800
Supplies and materials	400	-	400	-	400
Other objects	400	500	900	845	55
Total	<u>93,558</u>	<u>677</u>	<u>94,235</u>	<u>89,526</u>	<u>4,709</u>
Undistributed expenditures - edu. media service/sch. library					
Other objects	3,000	(3,000)	-	-	-
Total	<u>3,000</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Undistributed expenditures - instructional staff training services					
Other purchased services	3,000	-	3,000	-	3,000
Total	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expend. - support service - general admin.					
Salaries	\$ 183,559	\$ (3,966)	\$ 179,593	\$ 177,634	\$ 1,959
Legal services	23,500	3,666	27,166	27,166	-
Audit fees	24,000	-	24,000	21,000	3,000
Architectural/engineering services	6,500	-	6,500	-	6,500
Other purchased professional services	35,000	(20,000)	15,000	7,113	7,887
Purchased technical services	5,000	-	5,000	310	4,690
Communications/telephone	33,704	(7,565)	26,139	21,117	5,022
BOE other purchased services	22,000	(7,851)	14,149	2,582	11,567
Misc purch services	42,480	2,159	44,639	41,477	3,162
General supplies	20,000	500	20,500	20,500	-
Miscellaneous expenditures	18,000	1,847	19,847	19,847	-
Total	413,743	(31,210)	382,533	338,746	43,787
Undistributed expend. - support service - school admin.					
Salaries of Principals/Assistant Principals	232,848	58,550	291,398	274,815	16,583
Salaries of other Professional Staff	76,567	(28,000)	48,567	29,012	19,555
Salaries of Secretarial and Clerical Assistants	79,644	1	79,645	78,787	858
Purchased professional and technical services	8,500	(400)	8,100	7,618	482
Other purchased services	5,000	657	5,657	3,951	1,706
Supplies and materials	3,000	(100)	2,900	869	2,031
Other objects	3,000	240	3,240	2,085	1,155
Total	408,559	30,948	439,507	397,137	42,370
Undistributed expenditures - central services					
Salaries	198,596	(275)	198,321	193,929	4,392
Purchased professional services	32,500	(4,543)	27,957	19,573	8,384
Purchased technical services	1,300	-	1,300	330	970
Miscellaneous purchased services	4,700	652	5,352	4,675	677
Supplies and materials	2,000	(360)	1,640	312	1,328
Other objects	500	305	805	805	-
Total	239,596	(4,221)	235,375	219,624	15,751
Undistributed expenditures - admin. info. technology					
Purchased professional services	65,000	-	65,000	64,720	280
Purchased technical services	3,203	1,900	5,103	5,103	-
Supplies and materials	36,900	(6,263)	30,637	14,954	15,683
Total	105,103	(4,363)	100,740	84,777	15,963
Undistributed expend. - required maint. for school facilities					
Salaries	20,000	2,200	22,200	12,922	9,278
Cleaning, repair, and maintenance services	117,000	(28,342)	88,658	51,100	37,558
Lead testing in water	1,800	(1,800)	-	-	-
General supplies	45,000	10,707	55,707	23,551	32,156
Total	183,800	(17,235)	166,565	87,573	78,992

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - custodial services					
Salaries	\$ -	\$ 20	\$ 20	\$ -	\$ 20
Cleaning, repair, and maintenance service	106,642	20,970	127,612	123,796	3,816
Rental of land & bldg. other than lease purch agreement	498,100	(384,829)	113,271	106,046	7,225
Other purchased property services	10,800	-	10,800	8,502	2,298
Insurance	39,686	-	39,686	35,460	4,226
General supplies	25,605	1,666	27,271	17,548	9,723
Energy (natural gas)	40,700	23,867	64,567	64,567	-
Energy (electricity)	83,500	(24,642)	58,858	57,665	1,193
Energy (oil)	3,500	4,500	8,000	5,554	2,446
Other objects	-	3,900	3,900	3,900	-
Total	808,533	(354,548)	453,985	423,038	30,947
Undistributed expenditures - security					
Salaries	74,102	(26,896)	47,206	47,206	-
Purchased professional and technical services	3,062	4,315	7,377	7,267	110
Cleaning, repair, and maintenance service	12,876	14,782	27,658	20,093	7,565
General supplies	500	493	993	993	-
Total	90,540	(7,306)	83,234	75,559	7,675
Undistributed expenditures - student transportation service					
Cleaning, repair, & maint. services	3,400	(3,138)	262	262	-
Contr. service (oth. than between home & school) - vend.	11,000	12,966	23,966	23,966	-
Contract service (reg. students) - ESCs & CTSA's	75,000	(10,986)	64,014	61,101	2,913
General supplies	500	(500)	-	-	-
Other objects	500	-	500	435	65
Total	90,400	(1,658)	88,742	85,764	2,978
Allocated benefits - employee benefits					
Vocational programs - instruction					
Other retirement contributions - PERS	14,400	(14,000)	400	-	400
Workmen's compensation	22,530	-	22,530	22,111	419
Health benefits	449,638	25,382	475,020	422,702	52,318
Tuition reimbursement	10,000	-	10,000	2,848	7,152
Total	496,568	11,382	507,950	447,661	60,289
Attendance and social work services					
Other retirement contributions - PERS	3,240	368	3,608	3,608	-
Workmen's compensation	1,501	-	1,501	1,474	27
Health benefits	59,419	10,964	70,383	60,568	9,815
Total	64,160	11,332	75,492	65,650	9,842
Other supp services - guidance					
Other retirement contributions - PERS	6,291	361	6,652	6,652	-
Workmen's compensation	1,501	-	1,501	1,474	27
Health benefits	37,434	(12,857)	24,577	15,381	9,196
Total	45,226	(12,496)	32,730	23,507	9,223
Improvement of instruction services					
Other retirement contributions - PERS	6,200	171	6,371	6,371	-
Workmen's compensation	1,501	-	1,501	1,474	27
Health benefits	23,582	19,154	42,736	37,609	5,127
Total	31,283	19,325	50,608	45,454	5,154

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Support services - general administration					
Other retirement contributions - PERS	\$ 16,041	\$ 445	\$ 16,486	\$ 16,486	\$ -
Workmen's compensation	1,501	-	1,501	1,474	27
Health benefits	32,603	6,355	38,958	30,721	8,237
Other employee benefits	-	4,310	4,310	4,309	1
Total	<u>50,145</u>	<u>11,110</u>	<u>61,255</u>	<u>52,990</u>	<u>8,265</u>
Support services - school administration					
Other retirement contributions - PERS	24,000	6,391	30,391	30,391	-
Workmen's compensation	1,501	-	1,501	1,474	27
Health benefits	112,971	(36,884)	76,087	61,822	14,265
Tuition reimbursement	20,000	-	20,000	9,250	10,750
Total	<u>158,472</u>	<u>(30,493)</u>	<u>127,979</u>	<u>102,937</u>	<u>25,042</u>
Support services - central services					
Other retirement contributions - PERS	12,000	89	12,089	12,089	-
Workmen's compensation	1,501	-	1,501	1,474	27
Health benefits	54,842	7,434	62,276	56,106	6,170
Total	<u>68,343</u>	<u>7,523</u>	<u>75,866</u>	<u>69,669</u>	<u>6,197</u>
Required maintenance for school facilities					
Workmen's compensation	3,753	(3,753)	-	-	-
Health benefits	6,613	(6,613)	-	-	-
Total	<u>10,366</u>	<u>(10,366)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Security					
Workmen's compensation	-	3,753	3,753	3,685	68
Health benefits	-	5,813	5,813	-	5,813
Total	<u>-</u>	<u>9,566</u>	<u>9,566</u>	<u>3,685</u>	<u>5,881</u>
Total allocated benefits - employees	<u>\$ 924,563</u>	<u>\$ 7,317</u>	<u>\$ 941,446</u>	<u>\$ 811,553</u>	<u>\$ 124,012</u>
Unallocated benefits - employee benefits					
Social Security contributions	\$ 52,000	\$ 2,621	\$ 54,621	\$ 54,621	\$ -
Other retirement contributions - ERIP	-	7,548	7,548	1,104	6,444
Other employee benefits	-	405	405	405	-
Total	<u>52,000</u>	<u>10,574</u>	<u>62,574</u>	<u>56,130</u>	<u>6,444</u>
On-behalf TPAF Pension contribution	-	-	-	762,371	(762,371)
On-behalf TPAF Non-contributory insurance	-	-	-	10,577	(10,577)
On-behalf TPAF Postretirement medical benefits	-	-	-	203,052	(203,052)
On-behalf TPAF Long-term disability insurance	-	-	-	524	(524)
Reimbursed TPAF Social Security contribution	-	-	-	149,189	(149,189)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,125,713</u>	<u>(1,125,713)</u>
Total undistributed expenditures	<u>\$ 3,877,434</u>	<u>\$ (328,701)</u>	<u>\$ 3,558,299</u>	<u>\$ 4,287,429</u>	<u>\$ (735,011)</u>
Total current	<u>\$ 8,505,898</u>	<u>\$ (403,903)</u>	<u>\$ 8,111,561</u>	<u>\$ 8,695,391</u>	<u>\$ (589,711)</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Capital outlay					
Equipment					
Vocational programs					
Vocational programs - regular programs	\$ 2,300	\$ 41	\$ 2,341	\$ 41	\$ 2,300
Undistributed					
Undistributed expenditures - admin. info. technology	-	2,598	2,598	2,598	-
Undistributed expend. - required maint. for school facilities	-	24,993	24,993	7,308	17,685
Total equipment	<u>2,300</u>	<u>27,632</u>	<u>29,932</u>	<u>9,947</u>	<u>19,985</u>
Facilities acquisition and construction service					
Lease purchase agreements – principal	-	366,707	366,707	366,707	-
Assessment for debt service on SDA funding	37,934	-	37,934	37,934	-
Total facilities acquisition and construction service	<u>37,934</u>	<u>366,707</u>	<u>404,641</u>	<u>404,641</u>	<u>-</u>
Total capital outlay	<u>\$ 40,234</u>	<u>\$ 394,339</u>	<u>\$ 434,573</u>	<u>\$ 414,588</u>	<u>\$ 19,985</u>
Special schools					
Vocational evening-local-instruction					
Salaries of Teachers	\$ 172,974	\$ -	\$ 172,974	\$ 128,737	\$ 44,237
Other purchased services	3,400	-	3,400	2,226	1,174
General supplies	11,002	(2)	11,000	8,371	2,629
Textbooks	9,965	(1,741)	8,224	3,593	4,631
Total	<u>197,341</u>	<u>(1,743)</u>	<u>195,598</u>	<u>142,927</u>	<u>52,671</u>
Vocational evening-local-support serv.					-
Salaries	\$ 159,163	\$ (14,278)	\$ 144,885	\$ 103,627	\$ 41,258
Personal services - employee benefits	75,552	16,019	91,571	89,747	1,824
Other purchased services	40,980	339	41,319	35,047	6,272
Supplies and materials	1,000	(339)	661	280	381
Total	<u>276,695</u>	<u>1,741</u>	<u>278,436</u>	<u>228,701</u>	<u>49,735</u>
Total special schools	<u>\$ 474,036</u>	<u>\$ (2)</u>	<u>\$ 474,034</u>	<u>\$ 371,628</u>	<u>\$ 102,406</u>
Total expenditures	<u>\$ 9,020,168</u>	<u>\$ (9,566)</u>	<u>\$ 9,020,168</u>	<u>\$ 9,481,607</u>	<u>\$ (467,320)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (348,738)</u>	<u>\$ 9,566</u>	<u>\$ (348,738)</u>	<u>\$ 24,433</u>	<u>\$ 373,171</u>
Other financing sources (uses)					
Operating transfer in					
Transfers from capital projects fund	178,000	(178,000)	-	178,000	178,000
Total other financing sources (uses)	<u>178,000</u>	<u>(178,000)</u>	<u>-</u>	<u>178,000</u>	<u>178,000</u>
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(170,738)	(168,434)	(348,738)	202,433	551,171
Fund balances, July 1	3,508,194	-	3,508,194	3,508,194	-
Fund balances, June 30	<u>\$ 3,337,456</u>	<u>\$ (168,434)</u>	<u>\$ 3,159,456</u>	<u>\$ 3,710,627</u>	<u>\$ 551,171</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	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	\$ (20,738)	\$ -	\$ (20,738)	\$ (20,738)	\$ -
Increase in capital reserve	-	60,000	60,000	60,000	-
Interest deposit to capital reserve	25,000	-	25,000	17,765	(7,235)
Increase in maintenance reserve	-	95,969	95,969	95,969	-
Withdrawal from maintenance reserve	(175,000)	-	(175,000)	(175,000)	-
Interest earned on unemployment compensation	-	-	-	526	526
Budgeted fund balance	-	(324,403)	(333,969)	223,911	557,880
Total	\$ (170,738)	\$ (168,434)	\$ (348,738)	\$ 202,433	\$ 551,171
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 244,179	
Excess surplus - current year				199,364	
Capital reserve				2,421,179	
Maintenance reserve				261,069	
Unemployment compensation				60,400	
Committed fund balance					
Year-end encumbrances				23,082	
Unassigned fund balance				<u>501,354</u>	
Fund balance per budgetary basis				3,710,627	
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>\$ 3,621,092</u>	

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 297,810	\$ -	\$ 297,810	\$ 249,236	\$ (48,574)
State sources	126,512	-	126,512	505,645	379,133
Local sources	359,794	-	359,794	310,984	(48,810)
Total revenues	\$ 784,116	\$ -	\$ 784,116	\$ 1,065,865	\$ 281,749
Expenditures					
Instruction					
Salaries	\$ 85,523	\$ (42,750)	\$ 42,773	\$ 23,777	\$ 18,996
Purchased professional and technical services	61,729	7,313	69,042	65,729	3,313
Other purchased services	3,800	(3,800)	-	-	-
Supplies	71,058	29,521	100,579	62,631	37,948
Textbooks	-	-	-	-	-
Other objects	2,850	950	3,800	-	3,800
Total	224,960	(8,766)	216,194	152,137	64,057
Support services					
Salaries	182,950	(9,607)	173,343	101,939	71,404
Employee benefits	63,085	(734)	62,351	48,069	14,282
Purchased professional educational services	49,845	(2,112)	47,733	30,518	17,215
Other purch professional service	-	4,200	4,200	1,994	2,206
Purchased professional and technical services	19,139	-	19,139	19,139	-
Other purchased services	23,443	6,691	30,134	24,551	5,583
Mileage	1,980	823	2,803	1,089	1,714
Supplies	5,783	(1,625)	4,158	4,158	-
Facility cost	14,000	-	14,000	14,000	-
Other objects	2,100	3,288	5,388	2,538	2,850
Scholarships awarded	-	2,128	2,128	2,128	-
Student activities	-	134,598	134,598	134,598	-
Total	362,325	137,650	499,975	384,721	115,254
Capital outlay					
Instructional equipment	186,124	4,006	190,130	187,900	2,230
Non-instructional equipment	10,707	379,593	390,300	390,300	-
Total	196,831	383,599	580,430	578,200	2,230
Total expenditures	\$ 784,116	\$ 512,483	\$ 1,296,599	\$ 1,115,058	\$ 181,541

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance
	Original Budget	Budget Transfers	Final Budget		Final to Actual
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (512,483)	\$ (512,483)	\$ (49,193)	\$ 463,290
Fund balances, July 1	<u>169,785</u>	<u>-</u>	<u>169,785</u>	<u>169,785</u>	<u>-</u>
Fund balances, June 30	<u>\$ 169,785</u>	<u>\$ (512,483)</u>	<u>\$ (342,698)</u>	<u>\$ 120,592</u>	<u>\$ 463,290</u>
Recapitulation of fund balance					
Restricted fund balance					
Scholarships				\$ 17,523	
Student activities				<u>103,069</u>	
Fund balance per budgetary basis				<u>\$ 120,592</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, 2023

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 9,506,040	\$ 1,065,865	\$ 5,000,000
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	-	3,595	-
Outstanding encumbrances - current year	-	(390,300)	-
Budgetary basis differs from GAAP in that 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			
	-	-	(4,308,532)
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)	<u>\$ 9,506,040</u>	<u>\$ 679,160</u>	<u>\$ 691,468</u>
<u>Uses/Outflows of Resources</u>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 9,481,607	\$ 1,115,058	\$ 691,468
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:			
Outstanding encumbrances - prior year	-	3,595	-
Outstanding encumbrances - current year	-	(390,300)	-
Total expenditures (GAAP basis)	<u>\$ 9,481,607</u>	<u>\$ 728,353</u>	<u>\$ 691,468</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2014	0.0079311189%	\$ 1,484,922	\$ 532,069	279.08%	52.08%
2015	0.0083292254%	1,869,744	531,819	351.58%	47.93%
2016	0.0080292826%	2,378,043	627,714	378.84%	40.14%
2017	0.0092667994%	2,157,163	515,922	418.12%	48.10%
2018	0.0070822000%	1,394,450	569,581	244.82%	53.60%
2019	0.0086469137%	1,558,043	556,033	280.21%	56.27%
2020	0.0092387258%	1,506,595	674,843	223.25%	58.32%
2021	0.0087550661%	1,037,169	597,682	173.53%	70.33%
2022	0.0080968368%	1,221,924	625,878	195.23%	62.91%
2023	N/A	N/A	502,182	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2014	\$ 70,000	\$ (70,000)	\$ -	\$ 532,069	13.16%
2015	65,383	(65,383)	-	531,819	12.29%
2016	71,609	(71,609)	-	627,714	11.41%
2017	71,331	(71,331)	-	515,922	13.83%
2018	85,847	(85,847)	-	569,581	15.07%
2019	70,445	(70,445)	-	556,033	12.67%
2020	84,109	(84,109)	-	674,843	12.46%
2021	101,067	(101,067)	-	597,682	16.91%
2022	102,532	(102,532)	-	625,878	16.38%
2023	102,105	(102,105)	-	502,182	20.33%

N/A = Information not available

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

	Proportionate share of net pension liability (asset)				District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as as a percentage of the total pension liability
	District's proportion		State's proportion	Total			
	Percentage	Value					
2014	0.00%	\$ -	\$ 7,692,234	\$ 7,692,234	\$ 1,362,171	0.00%	33.64%
2015	0.00%	-	8,420,469	8,420,469	1,391,968	0.00%	28.71%
2016	0.00%	-	10,885,282	10,885,282	1,467,889	0.00%	22.33%
2017	0.00%	-	8,849,852	8,849,852	1,402,475	0.00%	25.41%
2018	0.00%	-	9,041,212	9,041,212	1,402,236	0.00%	26.49%
2019	0.00%	-	7,575,311	7,575,311	1,530,845	0.00%	26.95%
2020	0.00%	-	9,285,769	9,285,769	1,632,599	0.00%	24.60%
2021	0.00%	-	7,361,467	7,361,467	1,880,841	0.00%	35.52%
2022	0.00%	-	7,625,718	7,625,718	2,191,824	0.00%	32.29%
2023	N/A	N/A	N/A	N/A	2,025,093	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2014	\$ 60,886	\$ (60,886)	\$ -	\$ 1,362,171	4.47%
2015	72,027	(72,027)	-	1,391,968	5.17%
2016	110,787	(110,787)	-	1,467,889	7.55%
2017	147,639	(147,639)	-	1,402,475	10.53%
2018	214,368	(214,368)	-	1,402,236	15.29%
2019	247,848	(247,848)	-	1,530,845	16.19%
2020	248,183	(248,183)	-	1,632,599	15.20%
2021	319,547	(319,547)	-	1,880,841	16.99%
2022	448,732	(448,732)	-	2,191,824	20.47%
2023	618,585	(618,585)	-	2,025,093	30.55%

N/A = Information not available

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

	Proportionate share of other postemployment employee benefits liability (asset)				Total	District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's proportion	Value				
	Percentage	Value						
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2017	0.00%	\$ -	\$ 7,029,022	\$ 7,029,022	\$ 1,918,397	0.00%	0.00%	
2018	0.00%	-	5,287,725	5,287,725	1,971,817	0.00%	0.00%	
2019	0.00%	-	5,044,651	5,044,651	2,086,878	0.00%	0.00%	
2020	0.00%	-	9,391,673	9,391,673	2,307,442	0.00%	0.00%	
2021	0.00%	-	7,790,734	7,790,734	2,478,523	0.00%	0.00%	
2022	0.00%	-	6,965,334	6,965,334	2,817,702	0.00%	0.00%	
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

N/A = Information not available

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2023

- 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 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% in State fiscal year 2021 and 2.75% in State fiscal year 2022.
- Note 3 - Changes in assumptions - PERS
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% for State fiscal year 2021 and 2.75% for State fiscal year 2022.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate increased from 2.16% in State fiscal year 2021 to 3.54% in State fiscal year 2022. The inflation rate was 2.50% for State fiscal year 2021 and 2022.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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, 2023

	Total Brought Forward	ESSA Title IA	ESSA Title IIA	Perkins			Total
				Post Secondary	Post Secondary	Secondary Reserve	
Revenues							
Federal sources	\$ 488,062	\$ 18,728	\$ 8,880	\$ -	\$ 92,991	\$ 23,575	\$ 632,236
State sources	25,034	-	-	97,611	-	-	122,645
Local sources	310,984	-	-	-	-	-	310,984
Total revenues	<u>\$ 824,080</u>	<u>\$ 18,728</u>	<u>\$ 8,880</u>	<u>\$ 97,611</u>	<u>\$ 92,991</u>	<u>\$ 23,575</u>	<u>\$ 1,065,865</u>
Expenditures							
Instruction							
Salaries	\$ 5,049	\$ 18,728	\$ -	\$ -	\$ -	\$ -	\$ 23,777
Purchased professional and technical services	57,188	-	-	4,000	3,691	850	65,729
Supplies	48,571	-	-	2,266	11,794	-	62,631
Total	<u>110,808</u>	<u>18,728</u>	<u>-</u>	<u>6,266</u>	<u>15,485</u>	<u>850</u>	<u>152,137</u>
Support services							
Salaries	101,939	-	-	-	-	-	101,939
Employee benefits	48,069	-	-	-	-	-	48,069
Purchased professional educational services	16,500	-	8,880	1,888	3,250	-	30,518
Other purchased professional service	1,994	-	-	-	-	-	1,994
Purchased professional and technical services	19,139	-	-	-	-	-	19,139
Other purchased services	24,551	-	-	-	-	-	24,551
Mileage	1,089	-	-	-	-	-	1,089
Supplies	3,407	-	-	251	500	-	4,158
Facility costs	14,000	-	-	-	-	-	14,000
Other objects	2,538	-	-	-	-	-	2,538
Scholarships awarded	2,128	-	-	-	-	-	2,128
Student activities	134,598	-	-	-	-	-	134,598
Total	<u>369,952</u>	<u>-</u>	<u>8,880</u>	<u>2,139</u>	<u>3,750</u>	<u>-</u>	<u>384,721</u>
Capital outlay							
Instructional equipment	2,213	-	-	89,206	73,756	22,725	187,900
Non-instructional equipment	390,300	-	-	-	-	-	390,300
Total	<u>392,513</u>	<u>-</u>	<u>-</u>	<u>89,206</u>	<u>73,756</u>	<u>22,725</u>	<u>578,200</u>
Total expenditures	<u>\$ 873,273</u>	<u>\$ 18,728</u>	<u>\$ 8,880</u>	<u>\$ 97,611</u>	<u>\$ 92,991</u>	<u>\$ 23,575</u>	<u>\$ 1,115,058</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (49,193)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (49,193)
Fund balances, July 1	169,785	-	-	-	-	-	169,785
Fund balances, June 30	<u>\$ 120,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,592</u>

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, 2023

	Total Brought Forward	ARP (County subreceipt)	IDEA Basic	ARP IDEA Basic	ESSA Title IV Carryover	CRRSA CRRSA ESSER II	CRRSA Mental Health	Total Carried Forward
Revenues								
Federal sources	\$ 10,776	\$383,000	\$ 62,217	\$ 828	\$ 4,034	\$ 10,707	\$ 16,500	\$488,062
State sources	25,034	-	-	-	-	-	-	25,034
Local sources	310,984	-	-	-	-	-	-	310,984
Total revenues	\$346,794	\$383,000	\$ 62,217	\$ 828	\$ 4,034	\$ 10,707	\$ 16,500	\$824,080
Expenditures								
Instruction								
Salaries	\$ 5,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,049
Purchased professional and technical services	3,087	-	54,101	-	-	-	-	57,188
Supplies	39,627	-	8,116	828	-	-	-	48,571
Total	47,763	-	62,217	828	-	-	-	110,808
Support services								
Salaries	98,192	-	-	-	3,747	-	-	101,939
Employee benefits	47,782	-	-	-	287	-	-	48,069
Purchased professional educational services	-	-	-	-	-	-	16,500	16,500
Other purchased professional service	1,994	-	-	-	-	-	-	1,994
Purchased professional and technical services	19,139	-	-	-	-	-	-	19,139
Other purchased services	24,551	-	-	-	-	-	-	24,551
Mileage	1,089	-	-	-	-	-	-	1,089
Supplies	-	-	-	-	-	3,407	-	3,407
Facility costs	14,000	-	-	-	-	-	-	14,000
Other objects	2,538	-	-	-	-	-	-	2,538
Scholarships awarded	2,128	-	-	-	-	-	-	2,128
Student activities	134,598	-	-	-	-	-	-	134,598
Total	346,011	-	-	-	4,034	3,407	16,500	369,952
Capital outlay								
Instructional equipment	2,213	-	-	-	-	-	-	2,213
Non-instructional equipment	-	383,000	-	-	-	7,300	-	390,300
Total	2,213	383,000	-	-	-	7,300	-	392,513
Total expenditures	\$395,987	\$383,000	\$ 62,217	\$ 828	\$ 4,034	\$ 10,707	\$ 16,500	\$873,273
Excess (deficiency) of revenues over (under) expenditures	\$ (49,193)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (49,193)
Fund balances, July 1	169,785	-	-	-	-	-	-	169,785
Fund balances, June 30	\$120,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$120,592

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, 2023

	Total Brought Forward	CRRSA Learning Acceleration	CASE	SDA Emergent Capital and Maintenance Needs	Program Improvement	Youth Transitions to Work Program	Total Carried Forward
Revenues							
Federal sources	\$ -	\$ 10,776	\$ -	\$ -	\$ -	\$ -	\$ 10,776
State sources	-	-	5,500	19,139	395	-	25,034
Local sources	233,145	-	-	-	-	77,839	310,984
Total revenues	\$ 233,145	\$ 10,776	\$ 5,500	\$ 19,139	\$ 395	\$ 77,839	\$ 346,794
Expenditures							
Instruction							
Salaries	\$ -	\$ 5,049	\$ -	\$ -	\$ -	\$ -	\$ 5,049
Purchased professional and technical services	-	3,087	-	-	-	-	3,087
Supplies	19,347	-	3,287	-	395	16,598	39,627
Total	19,347	8,136	3,287	-	395	16,598	47,763
Support services							
Salaries	56,997	-	-	-	-	41,195	98,192
Employee benefits	27,616	386	-	-	-	19,780	47,782
Purchased professional educational services	-	-	-	-	-	-	-
Other purchased professional service	-	1,994	-	-	-	-	1,994
Purchased professional and technical services	-	-	-	19,139	-	-	19,139
Other purchased services	24,291	260	-	-	-	-	24,551
Mileage	823	-	-	-	-	266	1,089
Supplies	-	-	-	-	-	-	-
Facility costs	14,000	-	-	-	-	-	14,000
Other objects	2,538	-	-	-	-	-	2,538
Scholarships awarded	2,128	-	-	-	-	-	2,128
Student activities	134,598	-	-	-	-	-	134,598
Total	262,991	2,640	-	19,139	-	61,241	346,011
Capital outlay							
Instructional equipment	-	-	2,213	-	-	-	2,213
Non-instructional equipment	-	-	-	-	-	-	-
Total	-	-	2,213	-	-	-	2,213
Total expenditures	\$ 282,338	\$ 10,776	\$ 5,500	\$ 19,139	\$ 395	\$ 77,839	\$ 395,987
Excess (deficiency) of revenues over (under) expenditures	\$ (49,193)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (49,193)
Fund balances, July 1	-	-	-	-	-	-	-
Fund balances, June 30	\$ (49,193)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (49,193)

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, 2023

	Youth Transitions to Work Program PY	Youth Community Outreach	Youth Community Outreach PY	Local	Scholarships	Student Activities	Total Carried Forward
Revenues							
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Local sources	59,083	80,000	5,914	615	1,231	86,302	233,145
Total revenues	\$ 59,083	\$ 80,000	\$ 5,914	\$ 615	\$ 1,231	\$ 86,302	\$ 233,145
Expenditures							
Instruction							
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased professional and technical services	-	-	-	-	-	-	-
Supplies	18,732	-	-	615	-	-	19,347
Total	18,732	-	-	615	-	-	19,347
Support services							
Salaries	25,637	31,360	-	-	-	-	56,997
Employee benefits	13,614	14,002	-	-	-	-	27,616
Purchased professional educational services	-	-	-	-	-	-	-
Other purchased professional service	-	-	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-	-	-
Other purchased services	-	18,377	5,914	-	-	-	24,291
Mileage	-	823	-	-	-	-	823
Supplies	-	-	-	-	-	-	-
Facility costs	-	14,000	-	-	-	-	14,000
Other objects	1,100	1,438	-	-	-	-	2,538
Scholarships awarded	-	-	-	-	2,128	-	2,128
Student activities	-	-	-	-	-	134,598	134,598
Total	40,351	80,000	5,914	-	2,128	134,598	262,991
Capital outlay							
Instructional equipment	-	-	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Total expenditures	\$ 59,083	\$ 80,000	\$ 5,914	\$ 615	\$ 2,128	\$ 134,598	\$ 282,338
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ (897)	\$ (48,296)	\$ (49,193)
Fund balances, July 1	-	-	-	-	18,420	151,365	169,785
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ 17,523	\$ 103,069	\$ 120,592

See independent auditors' report.

CAPITAL PROJECTS FUND

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

**HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2023**

Description	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Appropriations 06/30/23
			Prior Years	Current Year	
New North Campus building on leased land	07/02/21	\$ 20,000,000	\$ 901,534	\$ 691,468	\$ 18,406,998
		<u>\$ 20,000,000</u>	<u>\$ 901,534</u>	<u>\$ 691,468</u>	<u>\$ 18,406,998</u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

Revenues and other financing sources	
Local source - County contribution	\$ 1,250,000
State source - Secure Our Children's Future Bond Act	3,750,000
Total revenues	<u>5,000,000</u>
Expenditures and other financing sources	
Purchased professional services	<u>691,468</u>
Total expenditures	<u>691,468</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	4,308,532
Net position - beginning	<u>19,098,466</u>
Net position - ending	<u><u>\$ 23,406,998</u></u>

See independent auditors' report.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
New Building on Leased Land
For the Fiscal Year Ended June 30, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
County contribution	\$ 5,000,000	\$ 1,250,000	\$ 6,250,000	\$ 5,000,000
State sources				
Secure Our Children's Future Bond Act	15,000,000	3,750,000	18,750,000	15,000,000
Total revenues	<u>20,000,000</u>	<u>5,000,000</u>	<u>25,000,000</u>	<u>20,000,000</u>
Expenditures and other financing uses				
Purchased professional services	901,534	691,468	1,593,002	1,000,000
Construction services	-	-	-	17,800,000
Construction manager	-	-	-	200,000
Purchase of equipment	-	-	-	1,000,000
Total expenditures	<u>901,534</u>	<u>691,468</u>	<u>1,593,002</u>	<u>20,000,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 19,098,466</u>	<u>\$ 4,308,532</u>	<u>\$ 23,406,998</u>	<u>\$ -</u>

Additional Project Information

Project number	22CTEB008
Grant date	7/2/2021
Grant authorized	\$ 15,000,000
Grant issued	15,000,000
Original authorized cost	20,000,000
Additional authorized cost	-
Revised authorized cost	20,000,000
Percentage completion	7.97%

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

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

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Leases
For the Fiscal Year Ended June 30, 2023

Description	Interest Rate	Date of Lease	Amount of Original Issue	Balance 07/01/22	Issued	Retired	Balance 06/30/23
Facilities - HCESC	0.31%	7/1/2020	\$ 1,553,991	\$ 941,554	\$ -	\$ 307,444	\$ 634,110
Facilities - Bartles Corner	0.89%	7/1/2021	305,537	<u>247,768</u>	<u>-</u>	<u>59,263</u>	<u>188,505</u>
				<u>\$ 1,189,322</u>	<u>\$ -</u>	<u>\$ 366,707</u>	<u>\$ 822,615</u>

See independent auditors' report.

STATISTICAL SECTION

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-7
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-8 to J-11
Sources: Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports (ACFR) 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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Government activities										
Net investment in capital assets	\$ 10,364,814	\$ 10,134,842	\$ 10,833,606	\$ 10,666,841	\$ 10,636,641	\$ 10,877,243	\$ 10,658,383	\$ 10,450,008	\$ 12,657,082	\$ 12,673,842
Restricted	1,907,619	2,537,456	2,262,173	2,962,181	2,977,766	3,160,731	3,403,267	3,380,026	2,913,173	2,863,240
Unrestricted	(1,068,097)	(1,067,619)	(622,776)	(822,018)	(289,559)	(859,707)	(995,702)	(1,273,276)	(2,240,234)	(1,493,592)
Total governmental activities	<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>	<u>\$ 13,330,021</u>	<u>\$ 14,043,490</u>
Business-type activities										
Unrestricted	\$ 433,719	\$ 427,638	\$ 402,056	\$ 398,214	\$ 383,692	\$ 382,132	\$ 377,047	\$ 178,839	\$ 213,053	\$ 55,382
Total business-type activities	<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>	<u>\$ 213,053</u>	<u>\$ 55,382</u>
District-wide										
Net investment in capital assets	\$ 10,364,814	\$ 10,134,842	\$ 10,833,606	\$ 10,666,841	\$ 10,636,641	\$ 10,877,243	\$ 10,658,383	\$ 10,450,008	\$ 12,657,082	\$ 12,673,842
Restricted	1,907,619	2,537,456	2,262,173	2,962,181	2,977,766	3,160,731	3,403,267	3,380,026	2,913,173	2,863,240
Unrestricted	(634,378)	(639,981)	(220,720)	(423,804)	94,133	(477,575)	(618,655)	(1,094,437)	(2,027,181)	(1,438,210)
Total district-wide	<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>	<u>\$ 13,543,074</u>	<u>\$ 14,098,872</u>

*

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

* as restated

See accompanying Notes to Financial Statements.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Vocational education	\$ 2,369,806	\$ 2,816,213	\$ 3,096,664	\$ 3,761,140	\$ 3,855,977	\$ 4,387,639	\$ 4,920,729	\$ 5,993,209	\$ 6,113,060	\$ 6,576,598
Other instruction	43,366	33,784	47,409	57,669	27,254	41,210	69,370	44,773	75,385	95,894
Support services										
Student & instruction related services	944,489	873,426	1,126,684	1,192,910	1,660,878	1,609,275	1,081,955	1,089,996	1,394,699	1,391,406
General & business administrative services	685,691	623,530	599,850	746,449	638,089	734,114	627,716	613,378	834,469	867,279
School administration	340,249	342,646	385,320	419,797	471,894	557,381	714,131	786,527	799,370	794,314
Plant operations & maintenance	753,556	825,958	765,388	733,833	1,134,543	1,583,529	1,134,052	1,113,424	540,636	586,509
Pupil transportation	21,935	17,062	14,991	17,891	14,984	23,500	121,737	264,543	64,934	85,852
Interest and other debt charges	37,934	37,934	37,934	37,934	37,934	37,934	406,508	405,210	311,066	310,331
Special schools	544,346	500,115	460,654	488,787	579,791	397,195	37,934	37,934	37,934	37,934
Total governmental activities expenses	<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>	<u>10,171,553</u>	<u>10,746,117</u>
Business-type activities										
Special services	18,438	43,321	49,321	32,355	19,585	19,710	22,538	308	2,506	23,671
Total business-type activities	<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>	<u>2,506</u>	<u>23,671</u>
Total district expenses	<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>	<u>\$ 10,174,059</u>	<u>\$ 10,769,788</u>

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

See accompanying Notes to Financial Statements.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program revenues										
Governmental activities										
Charges for services	\$ 2,365,917	\$ 2,593,739	\$ 3,022,636	\$ 3,322,864	\$ 3,742,800	\$ 4,079,323	\$ 4,466,901	\$ 4,815,948	\$ 5,380,969	\$ 5,730,523
Capital grants & contributions	-	-	-	-	-	-	-	-	901,534	691,468
Operating grants & contributions	441,442	361,928	638,950	663,633	964,751	1,302,148	494,236	391,710	488,996	592,715
Total governmental activities	<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>	<u>6,771,499</u>	<u>7,014,706</u>
Business-type activities										
Special services	12,938	37,240	23,739	28,513	5,063	18,150	17,453	2,100	36,720	44,000
Total business-type activities	<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>	<u>36,720</u>	<u>44,000</u>
Total district-wide program revenues	<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>	<u>\$ 6,808,219</u>	<u>\$ 7,058,706</u>
Net (expense) revenues										
Governmental activities	\$ (2,934,013)	\$ (3,115,001)	\$ (2,873,308)	\$ (3,469,913)	\$ (3,713,793)	\$ (3,990,306)	\$ (4,152,995)	\$ (5,141,336)	\$ (3,400,054)	\$ (3,731,411)
Business-type activities	<u>(5,500)</u>	<u>(6,081)</u>	<u>(25,582)</u>	<u>(3,842)</u>	<u>(14,522)</u>	<u>(1,560)</u>	<u>(5,085)</u>	<u>1,792</u>	<u>34,214</u>	<u>20,329</u>
Total district-wide net expenses	<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>	<u>\$ (3,365,840)</u>	<u>\$ (3,711,082)</u>

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

See accompanying Notes to Financial Statements.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues & other changes in net position										
Governmental activities										
County taxes levied for general purposes, net	\$ 1,520,579	\$ 1,550,979	\$ 1,582,001	\$ 1,613,641	\$ 1,613,641	\$ 1,645,914	\$ 1,678,832	\$ 1,678,832	\$ 1,712,367	\$ 1,729,491
Unrestricted grants & contributions	1,203,807	1,637,854	1,952,665	2,144,208	2,558,526	2,116,842	1,988,028	2,747,336	2,538,743	2,475,466
Investment earnings	12,462	13,055	5,589	20,071	45,867	55,821	36,628	5,297	3,764	27,385
Capital grants deobligated	-	300,208	-	-	-	-	-	-	-	-
Miscellaneous income	15,158	13,248	14,830	25,994	13,603	42,562	25,654	5,811	35,662	44,888
Transfer in(out)	-	-	-	-	-	-	-	200,000	-	178,000
Gain (loss) on sale of capital assets	(367)	-	-	-	-	(17,414)	(8,750)	(5,130)	(5,672)	(10,350)
Special item - insurance proceeds	-	-	99,432	-	-	-	-	-	-	-
Total governmental activities	<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>	<u>4,284,864</u>	<u>4,444,880</u>
Business-type activities										
Transfer in (out)	-	-	-	-	-	-	-	(200,000)	-	(178,000)
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>(178,000)</u>
Total district-wide	<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>	<u>\$ 4,284,864</u>	<u>\$ 4,266,880</u>
Change in net position										
Governmental activities	\$ (182,374)	\$ 400,343	\$ 781,209	\$ 334,001	\$ 517,844	\$ (146,581)	\$ (432,603)	\$ (509,190)	\$ 884,810	\$ 713,469
Business-type activities	(5,500)	(6,081)	(25,582)	(3,842)	(14,522)	(1,560)	(5,085)	(198,208)	34,214	(157,671)
Total district	<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>	<u>\$ 919,024</u>	<u>\$ 555,798</u>

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

See accompanying Notes to Financial Statements.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Restricted	\$ 2,660,806	\$ 2,396,202	\$ 3,406,978	\$ 4,245,915	\$ 3,512,210	\$ 3,563,117	\$ 3,880,477	\$ 3,342,116	\$ 2,987,567	\$ 3,186,191
Committed	101,217	25,329	965	23,565	830,486	209,342	59,922	60,398	20,738	23,082
Assigned	125,000	362,088	259,411	33,593	200,000	138,651	-	-	-	-
Unassigned	185,381	220,871	186,491	225,918	268,078	349,723	354,912	355,308	410,354	411,819
Total general fund	<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>	<u>\$ 3,418,659</u>	<u>\$ 3,621,092</u>
							*			
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260,557	\$ 233,729	\$ 169,785	\$ 120,592
Capital projects fund	-	698,919	47	47	47	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 169,785</u>	<u>\$ 120,592</u>
							*			

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

* as restated

See accompanying Notes to Financial Statements.

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
County tax levy	\$ 1,520,579	\$ 1,550,979	\$ 1,582,001	\$ 1,613,641	\$ 1,613,641	\$ 1,645,914	\$ 1,678,832	\$ 1,678,832	\$ 1,712,367	\$ 1,729,491
County sources	-	-	-	-	-	-	-	-	225,383	172,867
Tuition charges	1,930,521	2,591,174	3,022,636	3,321,725	3,741,198	4,079,323	4,466,901	4,777,715	5,255,004	5,644,221
Interest earnings	12,462	13,055	5,589	20,071	45,867	55,821	36,628	5,297	3,764	27,385
Miscellaneous	531,562	97,650	201,644	108,035	95,205	189,811	163,708	124,194	342,798	355,729
State sources	1,492,498	1,759,636	1,848,314	1,850,155	2,341,047	2,500,904	1,769,477	1,845,609	2,691,224	2,705,039
Federal sources	53,508	44,603	42,342	58,906	58,900	75,418	75,868	134,193	201,704	241,936
Total revenues	5,541,130	6,057,097	6,702,526	6,972,533	7,895,858	8,547,191	8,191,414	8,565,840	10,432,244	10,876,668
Expenditures										
Instruction										
Vocational education	1,571,671	1,704,837	1,861,581	2,107,833	2,529,287	2,618,691	3,337,425	3,822,433	3,959,494	4,340,999
Other instruction	40,761	31,243	44,054	49,361	25,603	93,895	29,013	30,490	66,406	66,963
Support services										
Student & instruction related services	414,191	400,425	429,317	504,278	552,376	653,065	659,735	622,670	540,726	581,815
General administration	342,303	305,018	298,867	371,693	307,194	407,303	311,660	308,751	264,321	269,077
School administration services	232,579	227,751	256,000	209,971	249,202	333,304	390,804	403,492	511,252	481,914
Central services/business	161,354	148,329	123,321	145,341	158,588	163,047	186,018	179,535	250,922	289,293
Plant operations & maintenance	691,453	774,969	714,078	702,406	1,089,952	1,569,823	1,067,513	1,105,564	507,745	586,170
Pupil transportation	15,782	14,076	12,090	14,849	11,965	17,691	15,699	5,971	64,934	85,764
Employee benefits	527,221	560,839	616,554	611,762	672,967	799,261	786,820	811,114	791,326	867,683
On-behalf TPAF Pension & Social Security contribution	277,324	293,713	352,609	376,064	454,731	474,078	555,880	734,959	923,422	1,125,713
Special schools - vocational evening	451,058	456,292	434,751	434,143	417,457	421,736	426,469	395,797	394,984	371,628
Capital outlay	86,926	57,138	11,065	18,119	142,068	205,203	158,368	173,741	776,028	9,947
Capital projects	-	51,600	720,872	-	-	-	-	-	901,534	691,468
Special revenue funds	441,442	361,928	638,950	663,633	964,751	1,302,148	494,236	456,795	678,905	728,353
Principal	-	-	-	-	-	-	-	-	470,955	366,707
Interest & other charges	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934
Total expenditures	5,291,999	5,426,092	6,552,043	6,247,387	7,614,075	9,097,179	8,457,574	9,089,246	11,140,888	10,901,428

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

See accompanying Notes to Financial Statements.

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess (deficiency) of revenues over (under) expenditures	\$ 249,131	\$ 631,005	\$ 150,483	\$ 725,146	\$ 281,783	\$ (549,988)	\$ (266,160)	\$ (523,406)	\$ (708,644)	\$ (24,760)
Other financing sources (uses)										
Transfer in (out)	-	-	-	(50,000)	-	-	-	200,000	305,537	178,000
Total other financing sources (uses)	-	-	-	(50,000)	-	-	-	200,000	305,537	178,000
Net change in fund balances	<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>	<u>\$ (403,107)</u>	<u>\$ 153,240</u>
Total non-capital expenditures	<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>	<u>\$ 8,954,437</u>	<u>\$ 9,795,372</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 accompanying Notes to Financial Statements.

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Tuition	\$ 2,271,525	\$ 2,591,174	\$ 3,022,636	\$ 3,321,725	\$ 3,741,198	\$ 4,079,323	\$ 4,466,901	\$ 4,777,715	\$ 5,255,004	\$ 5,644,221
Interest income	12,462	13,055	14,221	20,071	45,867	55,821	36,629	5,273	3,764	27,242
Prior year refunds	660	4,266	2,600	7,353	9,095	24,465	4,043	2,650	22,271	10,192
E-rate	8,328	2,769	-	8,200	-	-	-	-	-	-
Parking permits	-	-	-	1,255	435	245	120	2,575	1,775	2,300
Miscellaneous grants	4,650	-	-	-	-	-	-	-	-	-
Certified nurse assistant program	4,750	-	-	-	-	-	-	-	-	-
Community college culinary program	62,407	-	-	-	-	-	-	-	-	-
Academy apparel sales	-	-	-	-	-	-	-	-	5,071	-
Miscellaneous other	2,520	3,689	-	9,186	1,250	8,326	3,060	100	902	839
Contributions	2,500	-	-	-	-	-	-	-	-	-
Joint insurance fund - surplus refund	-	-	3,548	-	-	-	-	-	-	-
Use of facilities	4,500	2,565	50	1,139	1,602	-	-	-	-	-
Sale of property	-	-	-	-	2,823	9,526	18,430	-	5,643	31,557
Sale of surplus equipment & materials	1,000	2,524	-	-	-	-	-	486	-	-
Annual totals	\$ 2,375,302	\$ 2,620,042	\$ 3,043,055	\$ 3,368,929	\$ 3,802,270	\$ 4,177,706	\$ 4,529,183	\$ 4,788,799	\$ 5,294,430	\$ 5,716,351

Source: District Records

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

See accompanying Notes to Financial Statements.

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
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%
2022	21,335,384,401	23,137,838,660	92.21%
2023	21,872,764,107	25,093,535,495	87.16%

Source: Abstract of Ratables, County Board of Taxation

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)
2014	125,902	\$ 9,469,718,930	\$ 75,215	4.7%
2015	125,569	9,902,622,478	78,862	4.1%
2016	124,976	10,120,681,456	80,981	3.8%
2017	125,076	10,476,740,988	83,763	3.5%
2018	125,265	10,636,501,680	84,912	3.3%
2019	125,201	11,009,424,734	87,934	2.8%
2020	124,797	11,474,584,962	91,946	7.2%
2021	129,924	12,354,213,312	95,088	4.6%
2022	129,777	13,015,075,776	100,288	3.0%
2023	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.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function/program										
Instruction	16.0	15.6	17.2	17.6	16.6	18.8	20.0	22.0	23.0	22.0
Students & related services	7.0	6.0	6.0	6.5	7.7	7.2	10.0	7.3	6.2	6.4
General administration	2.0	2.0	1.8	1.8	1.8	2.0	1.5	1.5	1.5	1.5
School administration services	2.0	2.0	2.7	2.7	2.7	2.8	3.0	4.0	4.0	3.0
Business office	3.0	2.3	1.5	1.0	1.0	1.5	1.5	1.0	2.0	2.0
Other support staff	3.0	4.2	1.0	1.0	1.0	-	-	-	-	-
Plant operations & maintenance	2.0	2.9	2.9	0.9	0.9	0.9	0.9	1.2	1.2	1.0
Pupil transportation	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total	<u>35.0</u>	<u>35.0</u>	<u>33.1</u>	<u>31.6</u>	<u>31.8</u>	<u>33.3</u>	<u>37.0</u>	<u>37.1</u>	<u>38.0</u>	<u>36.0</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
2014	222.5	\$ 4,716,081	\$ 21,196	109.51%	16.0	1 to 13.91	222.5	211.4	-45.86%	95.01%
2015	(d) 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%
2022	686.8	9,030,408	13,148	-27.40%	23.0	1 to 29.86	686.8	657.7	46.66%	95.76%
2023	576.1	9,790,451	16,993	29.24%	22.0	1 to 26.19	576.1	542.5	-16.12%	94.16%

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 accompanying Notes to Financial Statements.

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>
2014	\$ 28,833
2015	55,622
2016	73,918
2017	65,989
2018	440,929
2019	280,966
2020	244,032
2021	183,942
2022	72,106
2023	87,573
Total school facilities	<u>\$ 1,533,910</u>

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

Source: District Records

See accompanying Notes to Financial Statements.

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Insurance Schedule
June 30, 2023
(Unaudited)

	Coverage
School Package - School Alliance Insurance Fund	
Property Coverage (Group Policy Maximum)	\$ 500,000,000
General Liability	10,000,000
Workers Compensation	5,000,000
Automobile Liability	10,000,000
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
Excess School Leaders Professional Liability	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 accompanying Notes to Financial Statements.

SINGLE AUDIT SECTION

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS - PART I**



Certified Public Accountants, PC
www.bkc-cpa.com

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

Honorable President and
Members of the Board of Education
Hunterdon County Vocational School District
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 (the District) in the County of Hunterdon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters


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

Purpose of this Report

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



BKC, CPAs, PC



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

December 5, 2023
Flemington, New Jersey



Certified Public Accountants, PC
www.bkc-cpa.com

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Hunterdon County Vocational School District's (the District) compliance with the types of compliance requirements as subject to audit in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2023. 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.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

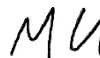
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



BKC, CPAs, PC



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

December 5, 2023
Flemington, New Jersey

SUPPLEMENTARY INFORMATION

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2023

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/22	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2023			
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
Special Revenue Fund																
Special education cluster (IDEA)																
IDEA Basic	84.03	H027A220100	IDEA-2308-23	\$ 62,217	07/01/22	06/30/23	\$ -	\$ -	\$ 62,217	\$ 62,217	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total special education cluster (IDEA)							-	-	62,217	62,217	-	-	-	-	-	-
ESSA Title I A	84.010	S010S210030	ESSA-2308-22	9,931	07/01/21	06/30/22	(1,278)	-	1,278	-	-	-	-	-	-	-
ESSA Title I A	84.010	S010S220030	ESSA-2308-23	18,728	07/01/22	06/30/23	-	-	9,310	18,728	-	-	(9,418)	-	-	-
ESSA Title II A	84.367A	S367A220029	ESSA-2308-23	11,595	07/01/22	06/30/23	-	-	7,110	8,880	-	-	(1,770)	-	-	-
ESSA Title IV - carryover	84.424A	S424A210031	ESSA-2308-22	10,000	07/01/21	06/30/22	-	-	4,034	4,034	-	-	-	-	-	-
Carl D Perkins																
Secondary	84.048A	S048A210030	PERK-2308-22	86,158	07/01/21	06/30/22	(652)	-	652	-	-	-	-	-	-	-
Secondary	84.048A	S048A220030	PERK-2308-23	92,991	07/01/22	06/30/23	-	-	92,991	92,991	-	-	-	-	-	-
Secondary - Reserve	84.048A	S048A210030	PERK-2308-22	23,309	07/01/21	06/30/22	(1,209)	-	1,209	-	-	-	-	-	-	-
Secondary - Reserve	84.048A	S048A220030	PERK-2308-23	23,575	07/01/22	06/30/23	-	-	22,740	23,575	-	-	(835)	-	-	-
COVID-19																
ARP IDEA Basic	84.027X	H027X210100	ARP-2308-22	12,002	07/01/21	06/30/22	-	-	828	828	-	-	-	-	-	-
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-2308-23	30,270	03/13/20	09/30/23	-	-	3,407	10,707	-	-	(7,300)	-	-	-
CRRSA - Accelerated Learning	84.425D	S425D210027	CRRSA-2308-23	25,000	03/13/20	09/30/23	-	-	10,776	10,776	-	-	-	-	-	-
CRRSA - Mental Health	84.425D	S425D210027	CRRSA-2308-23	45,000	03/13/20	09/30/23	(4,125)	-	16,500	16,500	-	-	(4,125)	-	-	-
Total Special Revenue Fund							(7,264)	-	233,052	249,236	-	-	(23,448)	-	-	-
Capital Projects Fund																
COVID-19																
ARP - Subrecipient from county	84.425U	S425U210027	ARP-2308-23	383,000	03/13/20	09/30/24	-	-	-	383,000	-	-	(383,000)	-	-	-
Total Capital Projects Fund							-	-	-	383,000	-	-	(383,000)	-	-	-
Total Federal Financial Assistance							\$ (7,264)	\$ -	\$ 233,052	\$ 632,236	\$ -	\$ -	\$ (406,448)	\$ -	\$ -	\$ -

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, 2023

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2023			Memo		
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure	
General Fund															
State Department of Education															
Special Education Categorical Aid	23-495-034-5120-089	\$ 158,471	07/01/22	06/30/23	\$ -	\$ -	\$ 143,268	\$ 158,471	\$ -	\$ -	\$ -	\$ -	\$ 15,203	\$ 158,471	
Equalization Aid	23-495-034-5120-078	241,040	07/01/22	06/30/23	-	-	217,915	241,040	-	-	-	-	23,125	241,040	
Security Aid	23-495-034-5120-084	31,411	07/01/22	06/30/23	-	-	28,398	31,411	-	-	-	-	3,013	31,411	
Adjustment Aid	23-495-034-5120-085	229,721	07/01/22	06/30/23	-	-	207,683	229,721	-	-	-	-	22,038	229,721	
Vocational Expansion Stabilization Aid	23-100-034-5062-032	272,640	07/01/22	06/30/23	-	-	246,484	272,640	-	-	-	-	26,156	272,640	
Lead Testing for Schools Aid	23-495-034-5120-104	1,202	07/01/22	06/30/23	-	-	1,202	1,202	-	-	-	-	-	1,202	
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002	762,371	07/01/22	06/30/23	-	-	762,371	762,371	-	-	-	-	-	762,371	
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004	10,577	07/01/22	06/30/23	-	-	10,577	10,577	-	-	-	-	-	10,577	
On-Behalf TPAF Pension Contribution - Post Retirement Medical	23-495-034-5094-001	203,052	07/01/22	06/30/23	-	-	203,052	203,052	-	-	-	-	-	203,052	
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004	524	07/01/22	06/30/23	-	-	524	524	-	-	-	-	-	524	
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	149,189	07/01/22	06/30/23	-	-	141,876	149,189	-	(7,313)	-	-	-	149,189	
Total General Fund					-	-	1,963,350	2,060,198	-	(7,313)	-	-	89,535	2,060,198	
Special Revenue Fund															
State Department of Education															
SDA Emergent and Capital Maintenance Needs	23-100-034-5120-519	19,139	07/01/22	06/30/23	-	-	19,139	19,139	-	-	-	-	-	19,139	
Perkins Postsecondary	23-100-034-5062-032	97,611	07/01/22	06/30/23	-	-	96,911	97,611	-	(700)	-	-	-	97,611	
State Department of Agriculture															
CASE	Not available	4,974	02/01/22	06/30/22	947	-	-	947	-	-	-	-	-	4,974	
CASE	Not available	4,825	02/01/23	06/30/23	-	-	4,825	4,553	-	-	272	-	-	4,553	
Program Improvement Grant	Not available	3,990	02/01/22	06/30/22	395	-	-	395	-	-	-	-	-	3,990	
Total Special Revenue Fund					1,342	-	120,875	122,645	-	(700)	272	-	-	130,267	
Capital Projects Fund															
State Department of Education															
Securing our Children's Future Bond Act	SOCF-CVSD CTE	18,750,000	Not applicable		(901,534)	-	-	691,468	-	(1,593,002)	-	-	18,750,000	1,593,002	

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, 2023

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022			Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2023			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
Total State Financial Assistance					<u>\$ (900,192)</u>	<u>\$ -</u>	<u>\$ 2,084,225</u>	\$ 2,874,311	<u>\$ -</u>	<u>\$ (1,601,015)</u>	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 18,839,535</u>	<u>\$3,783,467</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002							762,371						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004							10,577						
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001							203,052						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004							524						
Total for State Financial Assistance - Major Program Determination								<u>\$ 1,897,787</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, 2023

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, (\$386,705) for the special revenue fund, and (\$4,308,532) for the capital projects 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, 2023

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:

	Federal	State	Total
General fund	\$ -	\$ 2,060,198	\$ 2,060,198
Special revenue fund	241,936	126,240	368,176
Capital projects fund	-	518,601	518,601
Total awards and Financial assistance	\$ 241,936	\$ 2,705,039	\$ 2,946,976

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, 2023. 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, 2023.

Note 6 - Indirect costs

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

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS - PART II**

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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, 2023

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<u>23-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>23-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>23-495-034-5120-084</u>	<u>Security Aid</u>
<u>23-495-034-5120-085</u>	<u>Adjustment Aid</u>

HUNTERDON COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section II and III
For the Fiscal Year Ended June 30, 2023

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2023.

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, 2023.

**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, 2023**

Status of Prior Year Findings

There were no prior year findings or questioned costs.