

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOLS
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Prepared by

**Monmouth County Vocational Schools
Board of Education
Finance Department**

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)

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INTRODUCTORY SECTION

Monmouth County Vocational School District

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Superintendent

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Sean R. Meehan
Assistant Superintendent

Collette C. Flatt
*Business Administrator
Board Secretary*

February 4, 2021

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Monmouth County Vocational School District ("District") for the fiscal year ended June 30, 2020 is hereby submitted. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Monmouth County Vocational School District's Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the state Treasury OMB Circular Letter 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements set forth in Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Monmouth County Vocational School District is a component unit of Monmouth County within the criteria adopted by the GASB Statement No. 14. The State Department of Education requires the District's financial statements be reported separately. All funds and account groups of the District are included in this report. The Monmouth County Vocational School District's Board of Education and all of its schools constitute the District's reporting entity.

The District provides a full range of vocational-technical educational services appropriate to secondary students, special needs students, post-secondary students and part-time adult students throughout the Monmouth County area.

The District completed the 2019-2020 fiscal year with a total enrollment at year-end of 4,651 students. The following details the breakdown of the enrollment:

2019-2020 MCVSD ENROLLMENT

High School Programs

Shared Time

Vocational Programs	584
Career Center	474

Full Time

Academy of Allied Health & Science	301
Academy of Law & Public Safety	73
Biotechnology High School	314
CLASS Academy	45
Communications High School	303
High Technology High School	290
Marine Academy of Science & Technology	278

Total High School **2662**

Adult Programs

Adult Basic Education Program	45
Brookdale Adult Culinary Program	164
Evening School (Part Time)	877
Practical Nursing	59
Post Graduates	114

Total Adult Programs **1259**

Specialty Programs

Pre-Vocational Evaluation (Career Center)	236
Summer School - Vocational	0
Summer School – Career Academies	0
Registered Apprentices	199

Total Specialty Programs **435**

GRAND TOTAL **4356**

2. ECONOMIC CONDITION AND OUTLOOK:

Monmouth County is located 47 miles south of New York City in Central New Jersey. It is 472 square miles. The district is bordered on the west by Mercer and Middlesex counties, and on the south by Burlington and Ocean counties, on the east by the Atlantic Ocean, and on the north by the Raritan and Sandy Hook bays. The county is located within the New York City metropolitan region, which consists of southern Connecticut and New York State and Northeastern New Jersey. There are 52 municipalities in Monmouth County.

Monmouth County is a desirable area to live in because of its easy access to all major modes of transportation. It is sandwiched between the major cities of New York City and Philadelphia. The beauty and diversity of the region are beyond compare, and it can boast about the excellent school districts.

The leading trends that are evolving in Monmouth County in areas of income, employment, education and mobility are the following:

The median household income is based on the income distribution of all households, including those with no income. Monmouth County is comprised of 235,362 households; 73.8% of them are owner occupied, with a median value of \$421,900. The median household income was \$99,733. This information comes from the U.S. Census QuickFacts.

The population of Monmouth County was estimated to be 618,795 people for 2019. The ratio of male to female persons is 49% to 51%, respectively. The population is 84.8% white, 7.5% is black or African American, and 5.6% is Asian. Other races make up the remaining population. Approximately 11% of the overall population identify themselves as Hispanic or Latino. The number of persons without health insurance under the age of 65 is estimated to be 6.7% of the population. According to the U.S. Department of Commerce, in Monmouth County 93% of our population over 25 years old have obtained a high school degree or higher.

3. MAJOR INITIATIVES

The following major initiatives took place during the 2019-20 school year:

Curriculum & Instruction

During the fall of 2019, MCVSD continued to prioritize curriculum redesign. This curriculum initiative provided a framework to support an understanding-based approach to instruction and classroom assessment. Over the course of the 2019-20 year, over 100 teachers were trained on the Understanding by Design framework. Teachers received professional development as well as support from curriculum coaches as they redesigned their curriculum documents, assessments and performance tasks. They also learned how to navigate the online platform Rubicon/Atlas as they uploaded their curriculum documents, assessments and learning plans online. During the 2020-21 school year, we look forward to continuing our “curriculum academy” by training three new cohorts of teachers (summer, fall, spring). Teachers who have already been trained will work in their PLCs to refine assessments to ensure students are making meaning and able to transfer their learning.

During the 2019-2020 school year, curriculum coaches engaged with their content area departments the last Wednesday of every month, participating in peer-to-peer lesson design and sharing, prioritizing standards, leveraging data and assessment for individual learning outcomes, sharing best practices, challenges and successes.

Coaches worked with cohorts to develop a diverse and inclusive curriculum that reflects the wide range of voices, perspectives, and experiences of the students and families in our community and the world. Book lists were audited, units of study redesigned and existing curriculum materials reviewed for bias.

Assessment Design

Due to the pandemic, MCVSD focused on assessment solutions to compliment hybrid learning. Partnering with Linkit, MCVSD provided professional development for teachers related to test design and test authoring. Content area coaches piloted Linkit's Prime feature digitizing existing assessments and collecting standards-based data to measure students' readiness. As a result, the district utilized Linkit's services to create formative/summative/benchmark assessments, the math placement exam and admissions exam.

Personalized Professional Learning

During the spring and summer of 2020, MCVSD leveraged the talents of its own teachers and empowered them to lead while promoting choice and agency. MCVSD offered a week-long Google Training Academy, taught by MCVSD instructors. Teachers enrolled in this academy were given the option of taking the Google Educator certification test, free of charge. In addition to the Google Academy, fifty different workshops were offered remotely to support teachers execute a high-quality remote learning plan while also building their confidence around using new innovative pedagogical approaches and tools. Training for staff was also provided on cultural awareness, responsiveness, and understanding.

Outreach & Policies/Procedures

Another major initiative directly related to the district's goal focused on diversity and equity. This initiative focused on designing, developing and implementing outreach programs targeting underserved populations in an effort to increase diversity among students and faculty. It also included reflecting on our current admissions procedures and admission exam cut score. The district also reviewed and revised current policies and procedures (especially related to grading and attendance in our Shared Time division) to ensure they were consistent with our goals of diversity, equity and inclusion and that they do not act as barriers to success.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP"). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- a) The cost of a control should not exceed the benefits likely to be derived.
- b) 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 guarantee compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. This budget is adopted for the General Fund and the Special Revenue Fund. Project-length budgets are approved for the capital improvements accounted for

in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance account system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8. INDEPENDENT AUDIT:

State statutes require an annual audit by independent certified public accountants and public school accountants. The Board selected Gerard Stankiewicz, CPA, PSA of the accounting firm of Samuel Klein and Company, CPAs. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements set forth in Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the general-purpose financial statements and combined and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Monmouth County Vocational School District's 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 our 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,

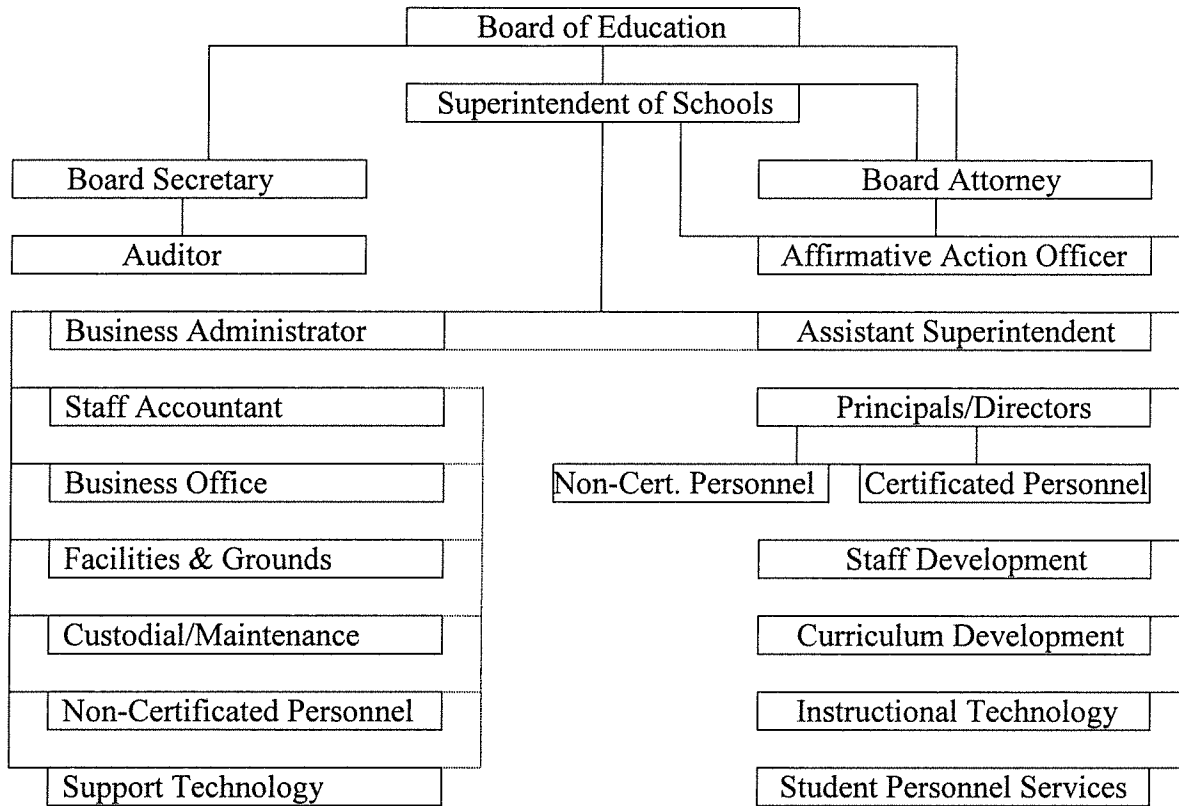


Charles R. Ford, Ed.D.
Superintendent



Ms. Collette C. Flatt
Business Administrator
Board Secretary

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT



_____ Line of Authority
 Line of Cooperation

Revised: November 17, 2015

MONMOUTH COUNTY VOCATIONAL SCHOOLS
BOARD OF EDUCATION
MONMOUTH COUNTY, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Brian D. McAndrew, President	2023
Dennis Ingoglia, Vice President	2024
Anthony Schaible	2024

Lester W. Richens, Ed.D., Interim Executive County Superintendent

Other Officials

Timothy M. McCorkell, Superintendent

Charles R. Ford, Ed.D, Assistant Superintendent

Collette C. Flatt, Business Administrator/Board Secretary

Sanford D. Brown, Esq., Solicitor

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
BOARD OF EDUCATION

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

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 Board of Education of the Monmouth County Vocational School District (a component unit of the County of Monmouth), County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2020 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities each major fund and the aggregate remaining fund information of the Board of Education of the Monmouth County Vocational School District, a component unit of the County of Monmouth), as of June 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information and schedule of the District's proportionate share of the net pension liability – PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District – TPAF, the District's proportionate share of the net OPEB Liability – PERS and TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monmouth County Vocational School District's (a component unit of the County of Monmouth) basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

The accompanying Combining and Individual Fund Financial Statements, Long-term Debt Schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 accompanying Combining and Individual Fund Financial Statements, Long-term Debt Schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January __, 2021, on our consideration of the Board of Education of the Monmouth County Vocational School District's (a component unit of the County of Monmouth) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Monmouth County Vocational School District's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Monmouth County Vocational School District internal control over financial reporting compliance.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
February 4, 2021

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS**

The Management's Discussion and Analysis (MD&A) of the Monmouth County Vocational School District's Board of Education provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2020. It should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal, which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

The MD&A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statement-and Management's Discussion and Analysis-for State and Local Governments".

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Monmouth County Vocational School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the Monmouth County Vocational School District, the General Fund is by far the most significant.

The School Board's auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

The School Board prepared the Introductory Section and the Statistical Section without association by the independent auditors. Accordingly, the School Board assumes full responsibility for the accuracy of these sections.

Reporting the School District as a Whole

Comparative Statement of Net Position and Comparative Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, “How did we do financially during 2020?”. The Comparative Statement of Net Position and the Comparative Statement of Activities 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 businesses. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-2020 fiscal year include the following:

As reported in the Statement of Activities in section A-2 the cost of all of the School Board’s governmental and business-type activities this year, including a charge for depreciation of \$3,664,370 was \$56,280,391.87. Of this amount, \$682,143 was paid through various operating grants, contributions and charges for services. Consequently, the net expense of \$55,598,249 after taking into consideration these fees and subsidies, amounts that were paid by the County of Monmouth (county contributions and contributed capital), the State of New Jersey (state education aid and entitlement grants), restricted Federal aid, other LEA’s (tuition), and from other miscellaneous revenue (interest, in-kind fees and fund transfers).

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

Governmental Activities — All of the School District’s programs and services are reported here including instruction, support services, operation and maintenance of plant facilities 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 and services provided. The Food Service enterprise fund is reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two (2) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund and special revenue fund and both are considered to be major funds.

The District adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 27-29 of this report.

Proprietary Funds

The District maintains one proprietary fund type merely as an accommodation to a small group of students. Enterprise fund is used to report the same functions presented as a business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program. The basic proprietary fund financial statements can be found on pages 30-32 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups, unemployment compensation claims, contractual retainage and payroll related liabilities. The fiduciary fund financial statements can be found on pages 33-34 of and 93-97 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 35-78 of this report.

Other Information

The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 89-92 of this report.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The Statement of Net Position provides the financial perspective of the District as a whole.

Table 1 provides a comparative summary of the School District's net position for 2020 and 2019.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred inflows and outflows and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The Government-wide financial statements can be found on pages 25-26 of this report.

THE SCHOOL BOARD'S FUNDS

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the County of Monmouth, State of New Jersey and other entities. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2020 it reported a combined net position balance of \$80,123,331.78. The Reconciliation of the Statement of Revenue and Expenditures, and Change in Net Position of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and change in net position.

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

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally expended less than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecast very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The Statement of Net Position provides the financial perspective of the District as a whole.

Table 1 provides a comparative summary of the School District's net position for 2020 and 2019.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$80,123,331.78 at the close of fiscal 2020. The following table provides a summary of net position at June 30, 2020 and 2019 relating to the District's governmental and business-type activities:

Table 1 – Comparative Summary of Net Position

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current and Other Assets	\$ 3,900,177	\$ 5,663,685
Capital Assets, Net	<u>91,908,312</u>	<u>87,746,076</u>
Total Assets	<u>\$ 95,808,489</u>	<u>\$ 93,409,761</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension	<u>\$ 1,593,909</u>	<u>2,368,343</u>
<u>LIABILITIES</u>		
Current and Other Liabilities	\$ 604,179	\$ 584,379
Pension Liability	8,771,935	9,815,861
Long-term Liabilities	<u>4,233,372</u>	<u>4,491,308</u>
Total Liabilities	<u>\$ 13,609,486</u>	<u>\$ 14,891,548</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension	<u>\$ 3,669,581</u>	<u>\$ 3,607,239</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 91,908,312	\$ 87,746,076
Restricted		
Unrestricted/(Deficit)	<u>(11,784,981)</u>	<u>(10,466,759)</u>
Total Net Position	<u>\$ 80,123,332</u>	<u>\$ 77,279,317</u>

The District's combined net position were \$80,123,332 on June 30, 2020. This is an increase of \$2,844,015 or 3.68% from the prior year.

The largest portion of the District's net position is its net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, and machinery, equipment and vehicles). The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Capital assets, net decreased from the prior year due to the write off of an asset that had been overvalued on the capital asset inventory which was the result of an ongoing review of capital assets detail.

Total liabilities decreased due to a reduction of net pension liability.

Unrestricted net position increased mainly due to increases in the county capital contributions and other donated asset in excess of the depreciation. General fund encumbrances at June 30, 2020 totaled \$50,057 as compared with \$56,316 at June 30, 2019.

Table 2 shows the comparative changes in net position from fiscal year 2020 and 2019.

Table 2 – Comparative Statement of Changes in Net Position

	<u>2019-2020</u>	<u>2018-2019</u>
<u>Revenues</u>		
General Revenues:		
County Contribution	\$ 16,662,178	\$ 16,662,178
State Aid	17,612,311	20,054,959
Federal Aid	1,020,805	287,034
Miscellaneous Income	1,769,039	2,048,230
Tuition	<u>13,982,012</u>	<u>13,595,786</u>
 Total Revenues	 \$ <u>51,046,345</u>	 \$ <u>52,648,187</u>
<u>Functions/Program Expenses</u>		
Instruction:		
Regular Vocational Programs	\$ 462,195	\$ 472,597
Special Vocational Programs	18,863,742	18,763,728
Support services:		
Student and Instruction Related Services	3,198,181	3,200,142
School Administrative Services	2,362,362	2,334,361
Other Administrative Services	1,922,551	1,874,079
Operation and Maintenance of Plant	5,036,618	5,324,504
Pupil Transportation	73,488	163,115
Unallocated Benefits	18,474,184	20,867,906
Special Schools	2,170,519	2,325,854
Unallocated Depreciation	3,664,370	3,340,629
Business-type Activities:		
Food Service	<u>52,183</u>	<u>63,902</u>
 Total Expenses	 \$ 56,280,392	 \$ 58,730,816
Less: Program Revenues	<u>(682,143)</u>	<u>(835,856)</u>
 District-Wide Net Expenses	 \$ 55,598,249	 \$ 57,894,960
 Net Change	 (4,551,903)	 (5,246,773)
Less: Capital Assets, Adjustment		
Donated Assets	1,685,121	1,786,116
Contributed Capital	<u>5,710,797</u>	<u>4,086,018</u>
 Change in Net Position (A-2)	 \$ <u><u>2,844,015</u></u>	 \$ <u><u>625,361</u></u>

The School District's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$48,877,260 and expenditures were \$50,570,915.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a comparative summary of the revenues of the general fund and special revenue fund for the fiscal years ended June 30, 2020 and June 30, 2019, and the amount of increase and decreases in relation to prior year revenues.

Comparative Summary of Revenues

<u>Revenue</u>	<u>2019-2020</u>		<u>2018-2019</u>		<u>Increase/ (Decrease) from 2018-2019 to 2019-2020</u>
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Local Sources	\$ 32,413,229	66.32%	\$ 32,306,194	66.21%	\$ 107,035
State Sources	15,443,226	31.59%	15,465,374	31.70%	(22,148)
Federal Sources	1,020,805	2.10%	1,019,050	2.10%	1,755
	<u>\$ 48,877,260</u>	<u>100.00%</u>	<u>\$ 48,790,618</u>	<u>100.00%</u>	<u>\$ 86,642</u>

Local revenues increased primarily because of higher tuition and miscellaneous revenue.

Federal revenues decreased slightly.

State revenue increased primarily due to an increase of state aid in the general fund and on-behalf pension payments.

The following schedule presents a comparative summary of general fund and special revenue fund for the fiscal years ended June 30, 2020 and June 30, 2019, and the increases and decreases in relation to prior year amounts.

Comparative Summary of Expenditures

<u>Expenditures</u>	2019-2020		2018-2019		Increase/ (Decrease) from 2018-2019 to 2019-2020
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Current Expense:					
Instruction	\$ 19,325,937	38.22%	\$ 19,488,618	37.75%	\$ (162,681)
Undistributed Expenditures	28,551,709	56.45%	29,239,833	56.64%	(688,124)
Capital Outlay	522,750	1.03%	565,326	1.09%	(42,576)
Special Schools	2,170,519	4.29%	2,325,854	4.51%	(155,335)
	\$ 50,570,915	100.00%	\$ 51,619,631	100.00%	\$ (1,048,716)

Changes in expenditures were the results of varying factors. Current expense increased due to increase in health benefits and utility costs.

Of the 2019-2020 closing fund balance of \$3,805,635, \$50,057 is committed for yearend encumbrances, \$0 is assigned-designated for the subsequent year's budget, \$200,000 is restricted as a maintenance reserve designated for subsequent year's budget and \$3,555,578 is assigned which is within the limits permitted by law.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2019-2020 school year, the School Board was able to sustain its general fund budget through the county contribution (via the county regular tax levy), state education aid, tuition, and local revenue sources. This was accomplished through tightened spending. State Aid makes up approximately 32.08% of the general fund revenue, increasing from 31.97% last year. The remaining revenue is comprised of 34.94% county tax levy, 29.32% from tuition from other LEA's and 3.66% is from miscellaneous revenue, which among other things includes adult and post-secondary tuition. The county also continues to contribute towards the District's capital needs which during the fiscal year amounted to \$5,618,735 is reflected as non-recurring revenue since it doesn't support the operating budget.

The \$11,797,648 deficit in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities (early retirement obligation, compensated absences and the net pension liability), the School Board would be in deficit in the amount of \$11,797,648. There is no likelihood that all \$13 million in liabilities for compensated absences, early retirement obligations, and the net pension liability would come due in one year.

At this time, the most important factor affecting the budget is the combined effects of the national and State economies and the State aid formula. The tax levy and tuition will be the areas that will need to absorb any increase in budget obligations. The effect of any decrease in future funding or enrollments may negatively impact revenue. The School Board anticipates maintaining the current level of enrollment for the 2020-2021 fiscal year, but due to the elective nature of its programs the School Board cannot accurately forecast future enrollment.

CAPITAL ASSETS

At June 30, 2020, the School Board had approximately \$149.5 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. The amount presented is net of accumulated depreciation to date. Table 4 shows fiscal 2020 balances compared to 2019.

Table 4 – Capital Assets (Net of Depreciation) at June 30

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Land	\$ 662,000	\$ 662,000
Building and Building Improvements	86,575,213	82,827,451
Machinery and Equipment	<u>4,671,099</u>	<u>4,256,625</u>
Total Capital Assets - Net of Depreciation	<u>\$ 91,908,312</u>	<u>\$ 87,746,076</u>

Refer to Notes to *Financial* Statements (Note 5) for more detailed information.

Debt Administration


The School District had outstanding debt at June 30th as follows:

	<u>2020</u>	<u>2019</u>
Compensated Absences	\$ 4,156,757	\$ 4,246,016
Pension Liability ERIP	<u>76,615</u>	<u>245,292</u>
Totals	<u>\$ 4,233,372</u>	<u>\$ 4,491,308</u>

Refer to Notes to Financial Statements (Note 6) for more detailed information.

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT

The School Board's financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials, and investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Collette C. Flatt, Business Administrator, 4000 Kozloski Road, P.O. Box 5033, Freehold, NJ, 07728-5033, (732) 431-7942, extension 7944.



Charles R. Ford, Ed. D.
Superintendent



Collette C. Flatt
Business Administrator/Board Secretary

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 12,633.71	\$ 12,633.71	\$ 12,633.71
Receivables	1,799,684.29	34.05	1,799,718.34
Other Receivables	2,087,824.98		2,087,824.98
Capital Assets, Net	<u>91,908,312.34</u>		<u>91,908,312.34</u>
Total Assets	<u>\$ 95,795,821.61</u>	<u>\$ 12,667.76</u>	<u>\$ 95,808,489.37</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension	<u>\$ 1,593,909.00</u>		<u>\$ 1,593,909.00</u>
<u>LIABILITIES</u>			
Cash Overdraft	\$ 5,541.30		\$ 5,541.30
Accounts Payable	598,637.29		598,637.29
Net Pension Liability	8,771,935.00		8,771,935.00
Noncurrent Debt:			
Due Within One Year	492,290.70		492,290.70
Due Beyond One Year	<u>3,741,081.30</u>		<u>3,741,081.30</u>
Total Liabilities	<u>\$ 13,609,485.59</u>		<u>\$ 13,609,485.59</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension	<u>\$ 3,669,581.00</u>		<u>\$ 3,669,581.00</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 91,908,312.34		\$ 91,908,312.34
Unrestricted/(Deficit)	<u>(11,797,648.32)</u>	<u>\$ 12,667.76</u>	<u>(11,784,980.56)</u>
Total Net Position	<u>\$ 80,110,664.02</u>	<u>\$ 12,667.76</u>	<u>\$ 80,123,331.78</u>

See accompanying notes to financial statements.

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
JUNE 30, 2020

2,438,705.34 <u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 462,194.95	\$	451,556.69	\$ (10,638.26)		\$ (10,638.26)
Vocational Education	18,863,741.99			(18,863,741.99)		(18,863,741.99)
Support Services:						
Student and Instruction						
Related Services	3,198,180.54		219,301.25	(2,978,879.29)		(2,978,879.29)
Other Administrative Services	1,922,551.18			(1,922,551.18)		(1,922,551.18)
School Administrative Services	2,362,361.60			(2,362,361.60)		(2,362,361.60)
Plant Operations and Maintenance	5,036,618.05			(5,036,618.05)		(5,036,618.05)
Pupil Transportation	73,487.82			(73,487.82)		(73,487.82)
Special Schools	2,170,518.53			(2,170,518.53)		(2,170,518.53)
Unallocated Benefits	18,474,183.98			(18,474,183.98)		(18,474,183.98)
Unallocated Depreciation	3,664,370.00			(3,664,370.00)		(3,664,370.00)
Total Governmental Activities	\$ 56,228,208.64		\$ 670,857.94	\$ (55,557,350.70)		\$ (55,557,350.70)
Business-Type Activities:						
Food Service	\$ 52,183.23	\$ 4,163.55	\$ 7,121.88		\$ (40,897.80)	\$ (40,897.80)
Total Business-Type Activities	\$ 52,183.23	\$ 4,163.55	\$ 7,121.88		\$ (40,897.80)	\$ (40,897.80)
Total	\$ 56,280,391.87	\$ 4,163.55	\$ 677,979.82	\$ (55,557,350.70)	\$ (40,897.80)	\$ (55,598,248.50)
<u>General Revenues</u>						
County Contribution -						
General Purposes				\$ 16,662,178.00		\$ 16,662,178.00
Tuition Received				13,982,012.00		13,982,012.00
Federal and State Aid				18,633,116.30		18,633,116.30
Miscellaneous Income				1,769,038.95		1,769,038.95
Transfers				(34,395.00)	\$ 34,395.00	
Total General Revenues				51,011,950.25	34,395.00	51,046,345.25
Excess of Revenue over Expense				\$ (4,545,400.45)	\$ (6,502.80)	\$ (4,551,903.25)
Non-Operating Revenues:						
Contributed Capital - County				5,618,734.98		5,618,734.98
Other Donated Assets/ (Retired Assets)				1,685,120.95		1,685,120.95
Other Contributed Revenue				92,062.00		92,062.00
Total Non-Operating Revenues				7,395,917.93		7,395,917.93
Increase/(Decrease) in Net position				2,850,517.48	(6,502.80)	2,844,014.68
Net Position - Beginning				\$ 77,260,146.54	\$ 19,170.56	\$ 77,279,317.10
Net Position - Ending				\$ 80,110,664.02	\$ 12,667.76	\$ 80,123,331.78

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 185,119.19		\$ 185,119.19
Intergovernmental Accounts Receivable	1,609,023.80	\$ 190,660.49	1,799,684.29
Tuition Receivable	<u>2,087,824.98</u>		<u>2,087,824.98</u>
Total Assets	<u>\$ 3,881,967.97</u>	<u>\$ 190,660.49</u>	<u>\$ 4,072,628.46</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Cash and Cash Equivalents Overdraft		\$ 190,660.49	\$ 190,660.49
Accounts Payable	<u>\$ 76,333.29</u>		<u>76,333.29</u>
Total Liabilities	<u>\$ 76,333.29</u>	<u>\$ 190,660.49</u>	<u>\$ 266,993.78</u>
Fund Balances:			
Restricted:			
Maintenance Reserve	200,000.00		200,000.00
Assigned for Other Purposes	50,056.76		50,056.76
Unassigned	<u>3,555,577.92</u>		<u>3,555,577.92</u>
Total Fund Balances	<u>\$ 3,805,634.68</u>		<u>\$ 3,805,634.68</u>
Total Liabilities and Fund Balance	<u>\$ 3,881,967.97</u>	<u>\$ 190,660.49</u>	<u>\$ 4,072,628.46</u>
Total Fund Balances above			\$ 3,805,634.68
Amounts reported for <i>governmental activities</i> in the Statement of Net Position (A-1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of capital assets is \$149,477,096.34 and the accumulated depreciation is \$57,568,784.00 (see Note 5)			91,908,312.34
Noncurrent liabilities, including compensated absence are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 6)			(4,233,372.00)
Certain liabilities are not due and payable in the current period, and therefore are not reported in the funds:			
Accrued Pension Liability			(522,304)
(Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year ended June 30, 2019, however will be raised in the budget for the fiscal year ending June 30, 2020) (See Note 7)			
Net Pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (See Note 9)			<u>(10,847,607.00)</u>
			<u>\$ 80,110,664.02</u>
		Net position of governmental activities (A-1)	

See Accompanying Notes to Financial Statements

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>REVENUES</u>			
Local sources:			
County Contribution	\$ 16,662,178.00		\$ 16,662,178.00
Tuition Charges	13,856,012.00		13,856,012.00
Non-Resident Fees	126,000.00		126,000.00
Other Restricted Miscellaneous	1,111,467.44		1,111,467.44
Miscellaneous	<u>634,226.94</u>	<u>\$ 23,344.57</u>	<u>657,571.51</u>
Total - Local Sources	32,389,884.38	23,344.57	32,413,228.95
State Sources	15,303,402.63	139,823.16	15,443,225.79
Federal Sources		<u>1,020,805.45</u>	<u>1,020,805.45</u>
Total Revenues	<u>\$ 47,693,287.01</u>	<u>\$ 1,183,973.18</u>	<u>\$ 48,877,260.19</u>
<u>EXPENDITURES</u>			
Current:			
Regular Instruction	\$ 10,638.26	\$ 451,556.69	\$ 462,194.95
Vocational Education	18,863,741.99		18,863,741.99
Support Services and Undistributed Costs:			
Student and Instruction Related Services	2,978,879.29	219,301.25	3,198,180.54
School Administrative Services	3,087,268.83		2,384,805.63
Other Administrative Services	1,238,353.51		1,940,816.71
Plant Operations and Maintenance	5,084,469.31		5,084,469.31
Pupil Transportation	74,186.00		74,186.00
Employee Benefits	15,743,831.99	125,418.99	15,869,250.98
Special Schools	2,170,518.53		2,170,518.53
Capital Outlay	<u>135,054.16</u>	<u>387,696.25</u>	<u>522,750.41</u>
Total Expenditures	<u>\$ 49,386,941.87</u>	<u>\$ 1,183,973.18</u>	<u>\$ 50,570,915.05</u>
Excess/(Deficiency) of Revenues over/(under) Expenditures	<u>(1,693,654.86)</u>		<u>(1,693,654.86)</u>
Other Financing Sources/(Uses):			
Transfer In/(Out)			
Food Service Fund	<u>(34,395.00)</u>		<u>(34,395.00)</u>
Total Other Financing Sources/(Uses)	<u>\$ (34,395.00)</u>		<u>\$ (34,395.00)</u>
Net Change in Fund Balance	\$ (1,728,049.86)		\$ (1,728,049.86)
Fund Balance - July 1	<u>5,533,684.54</u>		<u>5,533,684.54</u>
Fund Balance - June 30	<u>\$ 3,805,634.68</u>		<u>\$ 3,805,634.68</u>

See Accompanying Notes to Financial Statements

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (1,728,049.86)

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 depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.

Capital outlay	\$ 522,750.41	
Depreciation expense	(3,664,370.00)	
County Contribution - Capital	5,618,734.98	
Other Donated Assets	<u>1,685,120.95</u>	4,162,236.34

Early Retirement Pension Payments (ERIP) are reported in governmental funds as expenditures; however in the statement of activities, the cost has been previously charged against net position and a long-term (noncurrent liability) has been established. The annual amount is a reconciling item. 168,677.00

Net pension obligation related to PERS which is attributable to June 30, 2020 not reported in governmental funds; however, it is reported in the statement of activities 158,395.00

In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) 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 reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 89,259.00

Change in Net Position of Governmental Activities (A-2) \$ 2,850,517.48

See Accompanying Notes to Financial Statements

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
ENTERPRISE FUND - PROPRIETARY FUND - FOOD SERVICE FUND
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS

Current Assets:		
Cash and Cash equivalents:	\$	12,633.71
Accounts Receivable:		
State		<u>34.05</u>
Total Current Assets	\$	<u>12,667.76</u>
Total Assets	\$	<u><u>12,667.76</u></u>

NET POSITION

Unrestricted	\$	<u>12,667.76</u>
Total Net Position	\$	<u><u>12,667.76</u></u>

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
ENTERPRISE FUND - PROPRIETARY FUND - FOOD SERVICE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>OPERATING REVENUES</u>	<u>Food Service</u>
Local Sources:	
Daily sales - reimbursable programs	\$ 1,923.55
Daily sales - non-reimbursable programs	<u>2,240.00</u>
Total operating revenues	\$ <u>4,163.55</u>
 <u>OPERATING EXPENSES</u> 	
Cost of sales - Non Reimbursable	\$ 40,897.80
Cost of sales - Reimbursable	<u>11,285.43</u>
Total operating expenses	\$ <u>52,183.23</u>
Operating income/(loss)	\$ <u>(48,019.68)</u>
 <u>NONOPERATING REVENUES</u> 	
State sources:	
State school lunch program	\$ 127.12
Federal sources:	
National school lunch program	4,765.47
National breakfast program	1,093.89
Food distribution program	<u>1,135.40</u>
Total nonoperating revenues	\$ <u>7,121.88</u>
Excess (deficit) of revenue over expenditures	(40,897.80)
Operating transfers:	
Interfund - operating transfer in/(out)	<u>34,395.00</u>
Change in net position	<u>(6,502.80)</u>
Net position - beginning	<u>19,170.56</u>
Net position - ending	\$ <u><u>12,667.76</u></u>

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
ENTERPRISE FUND - PROPRIETARY FUND - FOOD SERVICE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Food Service</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 4,163.55
Payments to Suppliers	<u>(52,183.23)</u>
Net Cash Provided by/(Used for) Operating Activities	\$ <u>(48,019.68)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	\$ 103.86
Federal Sources	7,774.29
Transfer from General Fund	<u>34,395.00</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ <u>42,273.15</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ <u>(5,746.53)</u>
Balance - Beginning of Year	18,380.24
Balance - End of Year	\$ <u><u>12,633.71</u></u>
<u>Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities</u>	
Operating Gain/(Loss)	\$ <u><u>(48,019.68)</u></u>
Net Cash Provided by/(Used for) by Operating Activities	\$ <u><u>(48,019.68)</u></u>

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
COMBINED STATEMENT OF FIDUCIARY FUND NET POSITION
TRUST AND AGENCY FUNDS
JUNE 30, 2020

	<u>Trust Funds</u>	<u>Agency Funds</u>	<u>Total Fiduciary Fund</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ <u>248,704.68</u>	\$ <u>355,717.61</u>	\$ <u>604,422.29</u>
Total Assets	\$ <u><u>248,704.68</u></u>	\$ <u><u>355,717.61</u></u>	\$ <u><u>604,422.29</u></u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 35,285.38	\$ 26,717.72	\$ 62,003.10
Payable to Student Groups		328,999.89	328,999.89
Retainage Percentage Due Contractor	<u>79,605.09</u>	<u> </u>	<u>79,605.09</u>
Total Liabilities	\$ <u><u>114,890.47</u></u>	\$ <u><u>355,717.61</u></u>	\$ <u><u>470,608.08</u></u>
<u>NET POSITION</u>			
Held in Trust for Unemployment Claims and Other Purposes	\$ 119,188.07		\$ 119,188.07
Unreserved	<u>14,626.14</u>	<u> </u>	<u>14,626.14</u>
Total Net Position	\$ <u><u>133,814.21</u></u>	<u><u> </u></u>	\$ <u><u>133,814.21</u></u>

See Accompanying Notes to Financial Statements

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
COMBINING STATEMENT OF CHANGE IN NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Trust</u>		
	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Total Fund</u>
<u>ADDITIONS</u>			
Contributions:			
Plan Members	\$ 83,217.09		\$ 83,217.09
Contributions		\$ 9,500.00	\$ 9,500.00
Total Contributions	<u>\$ 83,217.09</u>	<u>\$ 9,500.00</u>	<u>\$ 92,717.09</u>
Total Additions	<u>\$ 83,217.09</u>	<u>\$ 9,500.00</u>	<u>\$ 92,717.09</u>
<u>DEDUCTIONS</u>			
Unemployment Claims	\$ 87,417.14		\$ 87,417.14
Scholarships Awarded		\$ 10,000.00	\$ 10,000.00
Total Deductions	<u>\$ 87,417.14</u>	<u>\$ 10,000.00</u>	<u>\$ 97,417.14</u>
Change in Net Position	\$ (4,200.05)	\$ (500.00)	\$ (4,700.05)
Total Net Position - Beginning of the Year	<u>123,388.12</u>	<u>15,126.14</u>	<u>138,514.26</u>
Total Net Position - Ending of the Year	<u><u>\$ 119,188.07</u></u>	<u><u>\$ 14,626.14</u></u>	<u><u>\$ 133,814.21</u></u>

See Accompanying Notes to Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of officials appointed by the County Board of Chosen Freeholders (the "Freeholders") 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 operations of the District include public school vocational education for secondary, post-secondary and adult students in the County of Monmouth, New Jersey. The District also operates five (5) career academics, a vocational education program and many shared time programs.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year.

GASB Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. In accordance with this statement the District is a component unit of the County of Monmouth; however, the financial statements of the District are not reported in the County's financial statements in accordance with reporting requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Monmouth 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 governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county contributions, from business-type activities generally financed in whole or in part with fees charged to external parties.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation (Continued)

1. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

2. Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

1. Governmental Funds

The District reports the following governmental funds:

General Fund – The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund – The District accounts for the proceeds of specific revenue sources (other than expendable trusts, major capital projects, enterprise or internal service funds) that are legally restricted to expenditures for specified purposes in the special revenue fund.

Capital Projects Fund – The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). A county vocational school district by statute does not raise money for capital improvements through issuance of debt (N.J.S.18A:54-31).

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

1. Governmental Funds (Continued)

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. A county vocational school district by statute does not raise money for capital improvements through issuance of debt (N.J.S. 18A:54-31).

2. Proprietary Fund

The District reports the following proprietary fund:

Enterprise Fund – The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

3. Fiduciary Funds

The District reports the following fiduciary funds:

Trust and Agency Funds – The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments or on behalf of other funds within the District.

Unemployment Compensation Trust Fund – The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Private-Purpose Trust Fund – The trust fund encompasses other trust fund arrangements for which principal and income benefit individuals outside of the school district. The District issued scholarships to students.

Agency Funds (Payroll, Student Activities Fund, Pell Grant Program, Stafford Loan Program and Contractor Retainage) – Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement on Net Position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Fund equity (i.e., net position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general noncurrent debt which are recorded when due.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy – county contribution (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 an “accounts receivable”.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared each year in advance for the general, special revenue, and debt service funds. The budgets are submitted to the county office for review and approval and are subject to certain criteria within the tax levy CAP and appropriation CAP automatically enacted without voter approval. In the case of the District, the budget is subject to approval by the County Board of School Estimate. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C 6A:23A-2.3 (et seq.).

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 accounting principles generally accepted in the United States of America 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.

The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

The following presents a reconciliation of the General Fund revenue and Special Revenue Fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General and Special Revenue Funds basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules.	\$ 47,693,287.01	1,183,973.18
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.	None	None
State aid payment recognized per GAAP standards in the current year previously recognized for budgetary purposes.	803,997.00	None
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 expense (GASB 33).	\$ <u>(803,997.00)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ <u>47,693,287.01</u>	\$ <u>1,183,973.18</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 49,386,941.87	1,183,973.18
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year supplies are received for financial reporting purposes.	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ <u>49,386,941.87</u>	\$ <u>1,183,973.18</u>

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. 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 deferred revenues at fiscal year end.

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

G. Assets, Liabilities and Equity

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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.

Additionally, 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.

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 savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

2. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded in the enterprise funds. All expenses in the other funds are recorded as expenditures during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

3. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

4. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs.

5. Interfund Receivables/Payables

Interfund receivables/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.

6. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

6. Capital Assets (Continued)

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method under the half year convention over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	40 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	6-8 years
Office and Computer Equipment	5-20 years
Instructional Equipment	5-10 years
Grounds Equipment	5-15 years
Food Service Equipment	7-20 years

7. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

8. Accrued Liabilities and Noncurrent Obligations

All payables, accrued liabilities and noncurrent obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

9. Net Position

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net position to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements. Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

10. Unearned Revenue

Unearned revenue in all funds represent program revenues that have been received but not yet earned.

11. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

12. Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB No. 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed – includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- d. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- e. Unassigned – includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

13. Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund, (the Food Service) are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

14. Non-Monetary Transactions

Commodities received under the Federal Food Distribution Program are received by the district and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

15. Allocation of Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were not allocated. Depreciation expense is included in the direct expense column of the Statement of Activities.

16. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement medical pension contributions for the certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

17. Extraordinary and Special Items

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

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities and Equity (Continued)

18. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB Statement No. 68. This Statement amends GASB Statement No. 27. The District has also implemented GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB Statement #68. GASB Statement No. 68 relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement #68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

19. Accounting and Financial Reporting for Other Post-Retirement Benefits ("OPEB")

In 2018 the District implemented GASB Statement No. 75 which addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, revenues and expense/expenditures. The GASB Statement No. 45 supersedes Accounting and Financial Reporting for Post-Employment Benefits with other than Pension.

The participating local education employer allocations included in the supplemental schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements.

20. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- GASB Statement No. 83. *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The District does not expect this Statement to impact its financial statements.

- GASB Statement No. 84. *Fiduciary Activities*. This objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District does not expect this Statement to impact its financial statements.

- GASB Statement No. 87. *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The District does not expect this Statement to impact its financial statements.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- GASB Statement No. 88. *Certain Disclosure Related to Debt, including Direct Borrowings and Direct Placements.* The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The District does not expect this Statement to impact its financial statements.

- GASB Statement No. 89. *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encourage. The requirements of this Statement should be applied prospectively. The District does not expect this Statement to impact its financial statements.

- GASB Statement No. 90. *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District does not expect this Statement to impact its financial statements.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- *GASB Statement No. 91. Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The District does not expect this Statement to impact its financial statements.

- *GASB Statement 92. Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Effective Date: The requirements of this Statement are effective as follows:

(a) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

(b) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

(c) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

(d) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020. Implementation has been postponed to June 15, 2021. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 93. Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR).

Effective Date: The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The District does not expect this Statement to impact its financial statement.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

- *GASB Statement 94. Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and all PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). Implementation has been postponed to June 15, 2021. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 95. Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2019 and later.

Effective Date: The requirements of this Statement are effective immediately. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 96. Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Accounting Standards (Continued)

GASB Statement 97. Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Effective Date: The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

I. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2020 through February 4, 2021, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit that have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

A. Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments

New Jersey statutes permit the District to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

The District had no securities as of June 30, 2020 that would be considered investments as defined by GASB No. 3 as amended by GASB No. 40.

C. Detail of Cash

As of June 30, 2020 the District had funds in interest bearing checking account totaling \$3,593,431.99.

Reconciliation by Fund:	
Governmental	\$ 1,562,257.01
Fiduciary	2,018,541.27
Proprietary	<u>12,633.71</u>
	<u>\$ 3,593,431.99</u>

Custodial Credit Risk – The checking accounts were on deposit in a bank which had the Government Unit Deposit Protection Act coverage (“GUDPA”) as of June 30, 2020 which minimizes credit risk.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

4. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

Intergovernmental Accounts Receivable at June 30, 2020 consisted of Federal source, State source, County source and other LEA's for tuition. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund</u> <u>Financial</u> <u>Statements</u>	<u>Business</u> <u>Type</u> <u>Activities</u>
General Fund		
Intergovernmental Accounts Receivable:		
State - TPAF - FICA Reimbursement	\$ 73,650.07	
County of Monmouth - Capital Projects	1,500,312.72	
Department of the Navy	<u>35,061.01</u>	
	<u>\$ 1,609,023.80</u>	
Tuition Receivable - LEA's	<u>\$ 2,087,824.98</u>	
Special Revenue Fund		
Federal:		
Title I	\$ 55,713.00	
Title II	13,189.00	
Title IV	7,475.00	
IDEA	69,174.00	
Carl D. Perkins Post Secondary	10,565.00	
Carl D. Perkins Post Secondary Reserve	21,650.00	
Adult Basic Education	<u>12,894.49</u>	
	<u>\$ 190,660.49</u>	
Proprietary Fund:		
Enterprise Fund		
State Source		<u>\$ 34.05</u>

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

5. CAPITAL ASSETS, NET

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>(Retirements)</u>	<u>Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 662,000.00			\$ 662,000.00
Total capital assets not being depreciated	<u>662,000.00</u>			<u>662,000.00</u>
Capital assets being depreciated:				
Building and Building Improvements	131,370,522.00	\$ 6,598,436.09		137,968,958.09
Machinery and Equipment	<u>9,843,777.00</u>	<u>1,228,170.25</u>	\$ (225,809.00)	<u>10,846,138.25</u>
Total at historical cost	<u>141,214,299.00</u>	<u>7,826,606.34</u>	<u>(225,809.00)</u>	<u>148,815,096.34</u>
Less accumulated depreciation for:				
Building and Building Improvements	(48,543,071.00)	(2,850,674.00)		(51,393,745.00)
Machinery and Equipment	<u>(5,587,152.00)</u>	<u>(813,696.00)</u>	225,809.00	<u>(6,175,039.00)</u>
Total accumulated depreciation	<u>(54,130,223.00)</u>	<u>(3,664,370.00)</u>	<u>225,809.00</u>	<u>(57,568,784.00)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>\$ 87,084,076.00</u>	<u>\$ 4,162,236.34</u>	<u>\$</u>	<u>\$ 91,246,312.34</u>
Governmental activities capital assets, net	<u>\$ 87,746,076.00</u>	<u>\$ 4,162,236.34</u>	<u>\$</u>	<u>\$ 91,908,312.34</u>

Detail of additions

<u>Governmental Activities:</u>	
General Fund	\$ 135,054.16
Special Revenue Fund	387,696.25
Capital Projects Fund - County Capital	5,618,734.98
Other Donated Assets	<u>1,685,120.95</u>
	<u>\$ 7,826,606.34</u>

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

6. NONCURRENT DEBT

During the fiscal year ended June 30, 2020 the following changes occurred in noncurrent liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Noncurrent Portion</u>
<u>Governmental Activities:</u>						
Compensated						
Absences Payable	\$ 4,246,016		\$ 89,259	\$ 4,156,757	\$ 415,676	\$ 3,741,081
Unfunded ERIP Liability *	245,292		168,677	76,615	76,615	
	<u>\$ 4,491,308</u>	<u>\$</u>	<u>\$ 257,936</u>	<u>\$ 4,233,372</u>	<u>\$ 492,291</u>	<u>\$ 3,741,081</u>

* Annual payment of \$76,615.00 through April 1, 2021 which was a result of an early retirement incentive program (ERIP) offered by the State in 2001 and accepted by the District.

7. PENSION PLANS

Description of Plans: All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund that have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division of Pension issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund.

Teachers' Pension and Annuity Fund (TPAF)

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

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

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

7. PENSION PLANS (CONTINUED)

Description of Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 before age 65 with 30 or more years 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.

Public Employees' Retirement System (PERS)

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

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

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

7. PENSION PLANS (CONTINUED)

Description of Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 before age 65 with 30 or more years of service credit. 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.

Funding Policy: The contribution policy is set by New Jersey Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

7. PENSION PLANS (CONTINUED)

Funding Policy (Continued):

Three-Year Trend Information for PERS (Paid on-behalf of the District)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Annual Pension</u> <u>Net Cost</u> <u>to District</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Employee</u> <u>Contribution</u>
2020	\$ 473,542	100%	\$ 261,326
2019	495,878	100%	258,798
2018	462,642	100%	255,718

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Cost</u> <u>(APC)</u>	<u>APC</u> <u>Contributed</u>	<u>Pension</u>		<u>TPAF</u> <u>FICA</u>
			<u>Total</u> <u>On-Behalf of</u>	<u>Employee</u> <u>Contribution</u>	
2020	\$ None	100%	\$ 4,150,228	\$ 1,556,462	\$ 1,490,001
2019	None	100%	3,834,548	1,539,698	1,462,098
2018	None	100%	2,882,750	1,470,535	1,418,906

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$4,150,228 to the TPAF for normal pension and insurance. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,462,048 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB No. 24.

Legislation enacted during 1993 provided early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board assumed the increased cost for the early retirement as it affected their district.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

7. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2019 and June 30, 2018 Independent Auditor's Report dated June 5, 2020 and May 15, 2019, respectively.

The District reported a liability of \$8,771,935 and \$9,815,861 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and June 30, 2018 (the *Measurement Date*), respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The proportion of PERS pension liabilities is as follows:

	June 30,	
	<u>2019</u>	<u>2018</u>
District Proportionate Share	0.0486829807 %	0.0498532700 %
Difference - Decrease	(0.0011702893)	

The contribution policy for PERS is set by N.J.S.A. 43.15A and requires contributions by active members and contributing employers. Employee contributions for 2020 were seven and 50/100th percent (7.5%) for PERS. Employer's contributions are actuarially determined annually by the Division of Pensions.

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

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

7. PENSION PLANS (CONTINUED)

For the year ended June 30, 2020, the District recognized pension expense of \$158,395. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 875,910	3,044,711
Difference between expected and actual experience	157,445	138,468
Net difference between projected and actual earnings on pension plan investments		38,751
Changes in proportion	38,250	447,651
District contributions subsequent to the measurement date	<u>522,304</u>	
Total	<u>\$ 1,593,909</u>	<u>\$ 3,669,581</u>

The \$522,304 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2021	\$ (251,545)
2022	(816,007)
2023	(728,646)
2024	(342,137)
2025	(35,131)

Additional Information

Collective balances are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,143,832,135	19,689,501,539
Collective total pension expenses	974,471,686	1,099,708,157

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

7. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.75%
Salary Increases:	
Through 2026	2.00-6.00% (based on year of service)
Thereafter	3.00-7.00% (based on year of service)
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2000 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 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for one period July 1, 2017 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger impact on future financial statements.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

7. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. 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, 2019 (*measurement date*) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Risk Mitigation/ Strategies	3.00 %	4.67 %
Cash Equivalents	5.00	2.00
U.S. Treasuries	5.00	2.68
Investment Grade Credit	10.00	4.25
High Yield	2.00	5.37
Real Estate	7.50	8.33
Real Assets	2.50	9.31
Private Credit	6.00	10.85
Private Equity	12.00	9.00
U.S. Equity	28.00	8.26
Non-U.S. Developed Markets Equity	12.50	9.01
Emerging Market Equities	6.50	11.37

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

7. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employer will be made based on the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

The following presents the collective net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	At Current	1% Increase
	<u>5.28%</u>	<u>Discount Rate</u>	<u>7.28%</u>
	<u>6.28%</u>		
District's proportionate share of the pension liability	\$ 11,080,436	\$ 8,771,935	\$ 6,826,778

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at www.state.nj.us/treasury/pensions/pers1.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

7. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF)

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2018 and June 30, 2017 Independent Auditor's Reports dated June 5, 2020 and June 10, 2019, respectively.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2020 was as follows:

Net Pension Liability:	
District's proportionate share	None
State's proportionate share associated with the District	<u>\$ 117,200,379</u>
	<u><u>\$ 117,200,379</u></u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The proportion of the TPAF net pension liability associated with the District is as follows:

	June 30,	
	<u>2019</u>	<u>2018</u>
District Proportionate Share	0.1909704691 %	0.1911507230 %
Difference - Increase	(0.0001802539)	

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue of \$6,912,792 for contributions provided by the State.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

7. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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:	
Through 2026	1.55% - 4.45% (based on year of service)
Thereafter	2.75% - 5.65% (based on year of service)
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-2019.

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. 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, 2019 are summarized in the table as follows:

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

7. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00 %	4.67 %
Cash Equivalents	5.00	2.00
U.S. Treasuries	5.00	2.68
Investment Grade Credit	10.00	4.25
High Yield	2.00	5.37
Private Credit	6.00	7.92
Real Assets	2.50	9.31
Real Estate	7.50	8.33
U.S. Equity	28.00	8.26
Non-U.S. Developed Markets Equity	12.50	9.00
Emerging Markets Equity	6.50	11.37
Private Equity	<u>12.00</u>	10.85
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the most recent fiscal years. The state contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

7. PENSION PLANS (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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

The following presents the proportionate share of the net pension liability associated with the District as of June 30, 2020 (*measurement date June 30, 2019*) calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u> <u>4.60%</u>	<u>At Current</u> <u>Discount Rate</u> <u>5.60%</u>	<u>At</u> <u>1% Increase</u> <u>6.60%</u>
State's proportionate share of net pension associated with the District	\$ 138,208,242	\$ 117,200,379	\$ 99,773,021

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances of the Local Group are as follows:

	<u>June 30, [Measurement Date]</u>	
	<u>2019</u>	<u>2018</u>
Deferred outflows of resources	\$ 10,129,162,237	\$ 12,599,296,329
Deferred inflows of resources	17,736,240,054	16,171,861,734
Net pension liability	61,519,112,443	63,617,852,031
Total expenses - non-employer	3,628,861,805	3,726,181,598

8. POST-RETIREMENT BENEFITS ("OPEB")

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2018 the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2019 the State contributed \$1,908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have remained consistent with fiscal year 2018 amounts. The State has appropriated \$1.612 billion in fiscal year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

8. POST-RETIREMENT BENEFITS (“OPEB”)

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, the State is required to qualify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. For fiscal year 2019 the total OPEB liability for the State is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the re-measured total OPEB liability in fiscal year 2018.

Employees (statewide) covered by benefit terms. At June 30, 2020 the following employees were covered by the benefit terms:

Active Plan Members	216,892.00
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051.00
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	0
Total Plan Members	364,943.00

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Three-Year Trend Information for TPAF Medical (Paid on-behalf of the District)

Fiscal Year Ended <u>June 30,</u>	<u>Post-Retirement Medical</u>
2020	\$ 1,539,659
2019	1,739,345
2018	1,861,907

The State, a nonemployer 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 GASBS 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.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

8. POST-RETIREMENT BENEFITS ("OPEB") (CONTINUED)

The District is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The following OPEB liability note information is reported at the board of education level. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>). The portion of the PERS and TPAF OPEB Liability that was associated with the District recognized at June 30, 2018 was as follows:

Net OPEB Liability:	
Districts proportionate share	None
State's proportionate share associated with the District	\$ 68,715,820
	\$ 68,715,820

The proportion of the PERS and TPAF OPEB collective liability that is associated with the District is as follows:

June 30,	
2019	2018
0.1646712990 %	0.1613975300 %

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	TPAF/ABP	PERS
	<i>(based on service years)</i>	<i>(based on service years)</i>
Salary increases:		
through 2026	1.55-3.05%	2.00-6.00%
Thereafter	1.55-3.05%	3.00-7.00%

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

8. POST-RETIREMENT BENEFITS ("OPEB") (CONTINUED)

Total Nonemployer OPEB Liability (Continued)

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. 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-2019. 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-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The discount rate utilized was 3.87% for June 30, 2018 to 3.50 for June 30, 2019.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. 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.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

8. POST-RETIREMENT BENEFITS ("OPEB") (CONTINUED)

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following represents the total nonemployer OPEB liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2019		
At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
\$ 81,180,538	\$ 68,715,820	\$ 58,814,531

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate

The following represents the total nonemployer OPEB liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2019		
1% Decrease	Healthcare Cost Trend Rate	1% Increase
\$ 56,618,772	\$ 68,715,820	\$ 84,729,826

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2016.

Shown below are details regarding the Total OPEB Liability associated with the District for the measurement period from June 30, 2018 to June 30, 2019:

	<u>Total OPEB Liability</u>
Balance as of June 30, 2018 <i>Measurement Date</i>	\$ 74,421,746
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 2,527,280
Interest on the Total OPEB Liability	2,938,697
Difference between Expected and Actual Experience	(10,149,619)
Changes of Assumptions	1,024,559
Gross Benefit Payments	(2,109,371)
Contributions from the Member	62,528
Net Changes	\$ (5,705,926)
Balance as of June 30, 2019 <i>Measurement Date</i>	\$ 68,715,820

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

8. POST-RETIREMENT BENEFITS ("OPEB") (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amount recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense (revenues) as follows:

Measurement Period Ending June 30,

2020	\$ 4,193,399
2021	4,193,399
2022	4,193,399
2023	4,193,399
2024	4,193,399
Total Thereafter	10,078,360

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances of the Local Education Group are as follows:

	June 30,	
	2019	2018
Deferred outflows of resources	\$ 1,921,145,183	\$ 1,377,313,892
Deferred inflows of resources	20,887,639,826	16,189,378,926
Net OPEB liability	41,729,081,045	46,110,832,982
Total expenses - non-employer	1,015,664,974	2,129,660,368

Other

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

9. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position in the current and noncurrent liabilities. The current portion of the compensated absence balance of the governmental funds is shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020 no liability existed for compensated absences in the proprietary fund types.

10. DEFERRED COMPENSATION

IRS Code Section 403(b)

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

AXA Equitable
Siracusa

T-Rowe Price
C&A Financial Group

11. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial. If an eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

11. DEFINED CONTRIBUTION RETIREMENT PROGRAM (CONTINUED)

Contributions Required and Made

Contributions made by employees for DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan were as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Employer</u>	<u>Employee</u>
2020	\$ 12,314.00	\$ 22,576.00
2019	13,086.08	17,463.25
2018	8,981.66	14,228.30

12. 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. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Property and Liability Insurance: The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance: The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey 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, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior two years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2020	None	\$ 83,217.09	\$ 87,417.14	\$ 119,188.07
2019	None	66,350.80	41,484.36	123,388.12
2018	None	50,875.42	20,465.08	98,521.68

Health Benefits

The District has opted for the traditional premium based health benefits plan for its employees and the premium is paid monthly on a per employee basis.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

13. FEDERAL LOAN PROGRAMS

A. Federal Family Education Loan (F.F.E.L.) Program – Stafford

The District assisted post-secondary students in obtaining Stafford Loans under the Federal Family Education Loan Program to help defray tuition and related costs. The loans are made by lending institutions and guaranteed by State or regional guaranty agencies and underwritten by the Federal government. When loans are approved the proceeds are reviewed by the District and tuition is deducted by the District and the remaining proceeds are disbursed to the student. The receipts and disbursements relating to the Stafford Loans are reflected in the District's agency fund and the Schedule of Federal Financial Assistance.

B. Pell Grant Program

The District assisted post secondary students in obtaining Pell Grants to help defray tuition and related costs. The grants are made by the U.S. Department of Education and proceeds are distributed directly to the District. The proceeds are reviewed by the District and tuition deducted, if applicable. Any remaining proceeds are then disbursed to the student. The receipts and disbursements relating to the Pell Grant Program are reflected in the District's agency fund and the Schedule of Federal Financial Assistance.

14. FUND BALANCE APPROPRIATED

General Fund - Of the \$3,805,634.68 General Fund fund balance at June 30, 2020, \$50,056.76 is assigned for other purposes (encumbrances); \$200,000.00 is restricted – maintenance reserve, \$3,555,577.92 is assigned – designated for subsequent year's expenditures.

The District as part of its 2020-2021 adopted budget approved the appropriation of \$200,000 of the maintenance reserve.

15. CONTINGENCIES AND COMMITMENTS

A. Grant Programs – The school district participates in federal, state and locally assigned grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

B. Pending Litigation – As of the date of this report, in the opinion of the management, there was no litigation pending of which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District.

C. Contracts/Retainage Payable – The District has established an escrow fund for the handling of all retainage due to the various contractors. The balance as of June 30, 2020 is \$79,605.09.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

15. CONTINGENCIES AND COMMITMENTS (CONTINUED)

- D. Due from County of Monmouth** – The District has incurred expenditures for its capital program which are funded by the County of Monmouth. The District in the normal course of business procures the services and as expenditures are incurred, reimbursement is sought and within a reasonable period of time, the funds are received. The balance due from the County as of June 30, 2020 is \$1,500,312.72 all of which was received subsequent to yearend. There are also commitments outstanding in the amount of \$4,102,803.36 as of June 30, 2020 resulting from District authorizations during the year which ultimately upon completion be reimbursed by the county as well.
- E. Administrative Office** – The District's Administrative Offices are located in a county owned complex in East Freehold (Township). There is no rental fee and the District is responsible for its own utilities.
- F. Copy Machine Leases** – The District is obligated under approximately twenty six (26) copy machine leases for the various schools and administrative office expiring at various time over the next five (5) years at an approximate monthly rental of \$10,000.00.
- G. Contractual Commitments** – The District has contractual commitments at June 30, 2020 to various vendors, which are recorded in the general fund as fund balance assigned for other purposes in the amount of \$50,056.76.

16. CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A. 18A:7F-7, as amended, 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 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. There was no excess fund balance at June 30, 2019.

17. ECONOMIC DEPENDENCY

The District receives a substantial amount of its support from federal, state, county governments and other LEA's. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

18. RECONCILIATION OF FUND BALANCE – GENERAL FUND

The Surpluses are presented on a GAAP basis and reconciliation to the budget basis is follows:

	<u>Unassigned</u>	<u>Assigned</u>
Balance on a budget basis on the General Fund budgetary basic comparison	\$ 427,540	\$ 3,932,035
Less: Allocation of state aid payment of not recognized on a GAAP basis - \$803,997	<u>427,540</u>	<u>376,457</u>
	<u>\$ None</u>	<u>\$ 3,555,578</u>

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

19. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provision at N.J.S.A.18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The county of Monmouth has 53 municipalities, some of which provide for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the County of Monmouth are indeterminate. Taxes abated include municipal, local school and county taxes.

20. SUBSEQUENT EVENT: COVID-19 CORONAVIRUS PANDEMIC

The COVID-19 Coronavirus outbreak in the United States has caused the Governor of the State of New Jersey to mandate closures and a curfew for all nonessential citizens and businesses. The management of the District (which is essential) has evaluated the impact of the situation and has determined that overall there is no adverse impact on its June 30, 2020 financial statements (*audited*). Financial impact for the year ending June 30, 2021 is uncertain at this time. A significant portion of the revenue to support the District operations is state aid and taxation; however, the outcome is uncertain at this time. It is not known at this time if there are any federal or state funds available for impact relief.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
 (A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Official Budget</u>	<u>Prior Year Encumbered</u>	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
Revenues:							
Local Sources:							
County Contribution	\$ 16,662,178.00		\$ 16,662,178.00		\$ 16,662,178.00	\$ 16,662,178.00	
Tuition	13,700,000.00		13,700,000.00		13,700,000.00	13,856,012.00	\$ 156,012.00
Non-Resident Fees	113,750.00		113,750.00		113,750.00	126,000.00	12,250.00
Miscellaneous	700,000.00		700,000.00		700,000.00	634,226.94	(65,773.06)
Other Restricted Miscellaneous Revenues	1,500,000.00		1,500,000.00		1,500,000.00	1,111,467.44	(388,532.56)
Total Local Sources	32,675,928.00		32,675,928.00		32,675,928.00	32,389,884.38	(286,043.62)
State Sources:							
Categorical Special Education Aid	1,572,980.00		1,572,980.00		1,572,980.00	1,572,980.00	
Vocational Expansion Stabilization Aid	766,863.00		766,863.00		766,863.00	766,863.00	
Equalization Aid	4,003,057.00		4,003,057.00		4,003,057.00	4,003,057.00	
Categorical Security Aid	208,928.00		208,928.00		208,928.00	208,928.00	
Adjustment Aid	1,568,727.00		1,568,727.00		1,568,727.00	1,568,727.00	
Nonbudgeted:							
On-behalf TPAF Pension						4,150,228.00	4,150,228.00
On-behalf TPAF Post-Retirement Medical Contributions						1,539,659.00	1,539,659.00
On-behalf TPAF Long-Term Disability Insurance						2,960.00	2,960.00
Reimbursed TPAF Social Security Contributions						1,490,000.63	1,490,000.63
Total State Sources	8,120,555.00		8,120,555.00		8,120,555.00	15,303,402.63	7,182,847.63
Total Revenues	\$ 40,796,483.00		\$ 40,796,483.00		\$ 40,796,483.00	\$ 47,693,287.01	\$ 6,896,804.01

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Official Budget</u>	<u>Prior Year Encumbered</u>	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
Expenditures:							
Current Expense:							
Instruction:							
Regular Programs - Home Instruction:							
Salaries of Teachers	\$ 15,000.00		\$ 15,000.00		\$ 15,000.00	\$ 6,209.28	\$ 8,790.72
Other Purchased Services	9,000.00		9,000.00		9,000.00	4,428.98	4,571.02
Total Regular Programs - Home Instruction	<u>24,000.00</u>		<u>24,000.00</u>		<u>24,000.00</u>	<u>10,638.26</u>	<u>13,361.74</u>
Regular Vocational Programs - Instruction:							
Salaries of Teachers	14,711,102.00		14,711,102.00	(18,000.00)	14,693,102.00	14,254,106.58	438,995.42
Other Salaries for Instruction	7,000.00		7,000.00		7,000.00	3,724.00	3,276.00
Purchased Professional - Educational Services	234,000.00	\$	234,000.00	39,317.10	273,317.10	200,782.10	72,535.00
Other Purchased Services	1,127,700.00		1,127,700.00	46,141.01	1,173,841.01	1,119,746.40	54,094.61
General Supplies	995,350.00		995,350.00	(32,665.36)	962,684.64	739,787.05	222,897.59
Textbooks	200,000.00		200,000.00		200,000.00	64,362.48	135,637.52
Other Objects	353,200.00		353,200.00	(31,458.11)	321,741.89	149,039.17	172,702.72
Total Regular Vocational Programs - Instruction	<u>17,628,352.00</u>		<u>17,628,352.00</u>	<u>3,334.64</u>	<u>17,631,686.64</u>	<u>16,531,547.78</u>	<u>1,100,138.86</u>
Special Vocational Programs - Instruction:							
Salaries of Teachers	2,270,891.00		2,270,891.00	(41,929.98)	2,228,961.02	2,071,786.01	157,175.01
Purchased Professional - Educational Services	3,000.00		3,000.00		3,000.00	796.00	2,204.00
Other Purchased Services	103,200.00		103,200.00	(26,000.00)	77,200.00	63,400.16	13,799.84
General Supplies	276,501.00		276,501.00	(10,000.00)	266,501.00	190,957.29	75,543.71
Textbooks	8,000.00		8,000.00		8,000.00		8,000.00
Other Objects	9,000.00		9,000.00		9,000.00	5,254.75	3,745.25
Total Special Vocational Programs - Instruction	<u>2,670,592.00</u>		<u>2,670,592.00</u>	<u>(77,929.98)</u>	<u>2,592,662.02</u>	<u>2,332,194.21</u>	<u>260,467.81</u>
Total Vocational Programs - Instruction	<u>20,298,944.00</u>		<u>20,298,944.00</u>	<u>(74,595.34)</u>	<u>20,224,348.66</u>	<u>18,863,741.99</u>	<u>1,360,606.67</u>
Total - Instruction	<u>20,322,944.00</u>		<u>20,322,944.00</u>	<u>(74,595.34)</u>	<u>20,248,348.66</u>	<u>18,874,380.25</u>	<u>1,373,968.41</u>

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Final Budget to Actual
Expenditures (Continued):							
Current Expense (Continued):							
Undistributed Expenditures:							
Health Services:							
Salaries	\$ 446,656.00		\$ 446,656.00	\$ (10,403.00)	\$ 436,253.00	\$ 436,252.80	\$.20
Other Purchased Services	62,580.00		62,580.00	1,154.00	63,734.00	40,107.80	23,626.20
Supplies and Materials	10,800.00		10,800.00		10,800.00	8,480.16	2,319.84
Other Objects	2,400.00		2,400.00		2,400.00	966.10	1,433.90
Total Health Services	522,436.00		522,436.00	(9,249.00)	513,187.00	485,806.86	27,380.14
Other Support Students - Regular:							
Salaries of Other Professional Staff	1,531,632.00		1,531,632.00	(7,098.34)	1,524,533.66	1,456,423.48	68,110.18
Salaries of Secretarial and Clerical Assistants	37,132.00		37,132.00	0.34	37,132.34	37,038.34	94.00
Other Salaries	108,117.00		108,117.00		108,117.00	108,116.88	0.12
Other Purchased Services	107,600.00	\$ 4,700.00	112,300.00	2,157.00	114,457.00	108,855.66	5,601.34
Supplies and Materials	15,500.00		15,500.00	(6,461.00)	9,039.00	3,677.86	5,361.14
Other Objects	2,500.00		2,500.00		2,500.00	2,089.02	410.98
Total Other Support Students - Regular	1,802,481.00	4,700.00	1,807,181.00	(11,402.00)	1,795,779.00	1,716,201.24	79,577.76
Other Support Services Students - Special:							
Salaries of Other Professional Staff	337,405.00		337,405.00	(16,000.00)	321,405.00	101,162.99	220,242.01
Other Purchased Services	200.00		200.00	150.00	350.00	343.35	6.65
Supplies and Materials	200.00		200.00		200.00		200.00
Total Other Support Services Students - Special	337,805.00		337,805.00	(15,850.00)	321,955.00	101,506.34	220,448.66
Improvement of Instructional Services:							
Salaries of Supervisor of Instruction	166,278.00		166,278.00		166,278.00	164,160.00	2,118.00
Salaries of Other Professional Staff	45,500.00		45,500.00		45,500.00	45,500.00	
Salaries of Secretarial and Clerical Assistant	21,218.00		21,218.00		21,218.00	21,217.92	.08
Other Purchased Services	200.00		200.00		200.00		200.00
Supplies and Materials	1,500.00		1,500.00		1,500.00	922.87	577.13
Other Objects	4,000.00		4,000.00	(1,557.75)	2,442.25	1,136.26	1,305.99
Total Improvement of Instructional Services	238,696.00		238,696.00	(1,557.75)	237,138.25	232,937.05	4,201.20

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Final Budget to Actual
Expenditures (Continued):							
Current Expense (Continued):							
Undistributed Expenditures (Continued):							
Educational Media Services/School Library:							
Salaries	\$ 139,211.00		\$ 139,211.00	\$ 1.00	\$ 139,212.00	\$ 139,210.84	\$ 1.16
Other Purchased Services	1,400.00		1,400.00	(1.00)	1,399.00	188.70	1,210.30
Supplies and Materials	4,500.00		4,500.00		4,500.00	4,447.47	52.53
Total Educational Media Services/School Library	145,111.00		145,111.00		145,111.00	143,847.01	1,263.99
Instructional Staff Training Services:							
Salaries of Supervisor of Instruction	85,626.00		85,626.00	\$ 209.10	85,835.10	85,835.04	.06
Salaries of Other Professional Staff	90,652.00		90,652.00	(3,686.10)	86,965.90	83,237.76	3,728.14
Salaries of Secretarial and Clerical Assistants	21,218.00		21,218.00		21,218.00	21,217.92	0.08
Other Purchased Services	50,775.00		50,775.00	34,900.00	85,675.00	83,882.78	1,792.22
Supplies and Materials	500.00		500.00		500.00	171.08	328.92
Other Objects	27,170.00		27,170.00	(2,505.80)	24,664.20	24,236.21	427.99
Total Instructional Staff Training Services	275,941.00		275,941.00	28,917.20	304,858.20	298,580.79	6,277.41
Support Services General Administration:							
Salaries	378,631.00		378,631.00	6,000.00	384,631.00	382,630.72	2,000.28
Legal Services	95,000.00		95,000.00		95,000.00	89,617.74	5,382.26
Audit Fees	35,000.00		35,000.00		35,000.00	32,000.00	3,000.00
Other Purchased Professional Services	30,000.00		30,000.00		30,000.00	25,839.14	4,160.86
Purchased Technical Services	2,000.00		2,000.00		2,000.00	552.50	1,447.50
Communications/Telephone	240,000.00		240,000.00	(21,000.00)	219,000.00	124,973.56	94,026.44
BOE - Other Purchased Services	5,000.00		5,000.00	(807.87)	4,192.13	2,389.68	1,802.45
Other Purchased Services	11,500.00		11,500.00	2,307.87	13,807.87	12,567.82	1,240.05
General Supplies	15,000.00		15,000.00		15,000.00	10,082.31	4,917.69
Miscellaneous Expenditures	18,000.00		18,000.00	(5,900.00)	12,100.00	4,342.08	7,757.92
BOE - Membership Dues & Fees	19,000.00		19,000.00		19,000.00	17,467.65	1,532.35
Total Support Services General Administration	849,131.00		849,131.00	(19,400.00)	829,731.00	702,463.20	127,267.80
Support Services School Administration:							
Salaries of Principals/Assistant Principals	1,844,646.00		1,844,646.00	(5,900.00)	1,638,746.00	1,611,026.02	27,719.98
Salaries of Secretarial and Clerical Assistants	726,875.00		726,875.00		726,875.00	711,616.60	15,258.40
Other Purchased Services	14,350.00		14,350.00		14,350.00	5,186.48	9,163.52
Supplies and Materials	61,000.00		61,000.00		61,000.00	51,522.91	9,477.09
Other Objects	8,500.00		8,500.00	2,000.00	10,500.00	5,453.62	5,046.38
Total Support Services School Administration	2,455,371.00		2,455,371.00	(3,900.00)	2,451,471.00	2,384,805.63	66,665.37

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Final Budget to Actual
Expenditures (Continued):							
Current Expense (Continued):							
Undistributed Expenditures (Continued):							
Central Services:							
Salaries	\$ 605,056.00		\$ 605,056.00	\$ 34,500.00	\$ 639,556.00	\$ 638,874.31	\$ 681.69
Purchased Professional Services	60,000.00		60,000.00	4,615.00	64,615.00	64,565.68	49.32
Purchased Technical Services	1,500.00		1,500.00	(50.00)	1,450.00		1,450.00
Miscellaneous Purchased Services	23,500.00		23,500.00	(4,565.00)	18,935.00	15,510.08	3,424.92
Supplies and Materials	13,000.00	\$ 460.87	13,460.87		13,460.87	4,643.80	8,817.07
Miscellaneous Expenditures	7,000.00		7,000.00	37,000.00	44,000.00	40,302.37	3,697.63
Total Central Services	<u>710,056.00</u>	<u>460.87</u>	<u>710,516.87</u>	<u>71,500.00</u>	<u>782,016.87</u>	<u>763,896.24</u>	<u>18,120.63</u>
Administrative Information Technology:							
Salaries	365,312.00		365,312.00	1.00	365,313.00	365,311.68	1.32
Other Purchased Services	120,000.00		120,000.00	(4,000.00)	116,000.00	87,353.15	28,646.85
Supplies and Materials	81,000.00		81,000.00		81,000.00	21,792.44	59,207.56
Other Objects	2,000.00		2,000.00		2,000.00		2,000.00
Total Administrative Information Technology	<u>568,312.00</u>		<u>568,312.00</u>	<u>(3,999.00)</u>	<u>564,313.00</u>	<u>474,457.27</u>	<u>89,855.73</u>
Required Maintenance for School Facilities:							
Cleaning, Repairing and Maintenance Services	800,000.00	18,531.55	818,531.55	59,000.00	877,531.55	643,604.89	233,926.66
Lead Testing of Drinking Water							
General Supplies	130,500.00		130,500.00	(17,000.00)	113,500.00	72,486.23	41,013.77
Other Objects	15,500.00		15,500.00		15,500.00	13,059.65	2,440.35
Total Allowable Maintenance for School Facilities	<u>946,000.00</u>	<u>18,531.55</u>	<u>964,531.55</u>	<u>42,000.00</u>	<u>1,006,531.55</u>	<u>729,150.77</u>	<u>277,380.78</u>
Other Operation and Maintenance of Plant:							
Salaries	2,136,101.00		2,136,101.00	(44,949.00)	2,091,152.00	2,030,520.76	60,631.24
Cleaning, Repair and Maintenance Services	414,000.00		414,000.00	21,000.00	435,000.00	410,577.22	24,422.78
Rental of Land and Buildings Other than Lease Purchase	114,000.00		114,000.00		114,000.00	55,000.00	59,000.00
Other Purchased Property Services	122,500.00	3,983.56	126,483.56	(3,500.00)	122,983.56	97,014.75	25,968.81
Insurance	595,831.00		595,831.00	(199,000.00)	396,831.00	387,362.58	9,468.42
General Supplies	223,000.00		223,000.00		223,000.00	187,301.95	35,698.05
Energy (Natural Gas)	368,000.00	2,580.30	370,580.30	10,000.00	380,580.30	278,602.13	101,978.17
Energy (Heat and Electricity)	902,000.00	10,288.97	912,288.97	(10,000.00)	902,288.97	804,309.33	97,979.64
Other Objects	31,800.00	1,500.00	33,300.00	1,500.00	34,800.00	29,779.45	5,020.55
Total Other Operation and Maintenance of Plant	<u>4,907,232.00</u>	<u>18,352.83</u>	<u>4,925,584.83</u>	<u>(224,949.00)</u>	<u>4,700,635.83</u>	<u>4,280,468.17</u>	<u>420,167.66</u>

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Final Budget to Actual
Expenditures (Continued):							
Current Expense (Continued):							
Undistributed Expenditures (Continued):							
Care & Upkeep of Grounds							
Cleaning, Repair and Maintenance Services	\$ 150,000.00		\$ 150,000.00	\$ (97,000.00)	\$ 53,000.00	\$ 49,062.03	\$ 3,937.97
General Supplies	10,000.00		10,000.00		10,000.00	47.67	9,952.33
Total Care & Upkeep of Grounds	160,000.00		160,000.00	(97,000.00)	63,000.00	49,109.70	13,890.30
Security							
Purchased Professional & Technical Services	25,000.00	\$ 11,496.00	36,496.00		36,496.00	25,740.67	10,755.33
Total Security	25,000.00	11,496.00	36,496.00		36,496.00	25,740.67	10,755.33
Student Transportation Services:							
Contracted Services:							
Other than Between Home and School - Vendors	150,500.00		150,500.00	49,130.00	199,630.00	74,186.00	125,444.00
Total Student Transportation Services	150,500.00		150,500.00	49,130.00	199,630.00	74,186.00	125,444.00
Employee Benefits:							
Social Security Contributions	445,000.00		445,000.00		445,000.00	430,743.81	14,256.19
TPAF Contributions - ERIP	76,615.00		76,615.00		76,615.00	74,648.42	1,966.58
Other Retirement Contributions - Regular	523,900.00		523,900.00		523,900.00	477,248.91	46,651.09
Other Retirement Contributions - ERIP	12,000.00		12,000.00		12,000.00	5,441.52	6,558.48
Other Retirement Contributions - DCRP	14,000.00		14,000.00		14,000.00	12,314.31	1,685.69
Unemployment Compensation	25,000.00		25,000.00		25,000.00		25,000.00
Workmen's Compensation	315,000.00		315,000.00		315,000.00	303,816.80	11,183.20
Health Benefits	6,782,474.00		6,782,474.00	195,000.00	6,977,474.00	6,821,778.02	155,695.98
Tuition Reimbursement	94,100.00		94,100.00	10,540.55	104,640.55	104,505.17	135.38
Other Employee Benefits	284,000.00		284,000.00	63,033.88	347,033.88	330,487.40	16,546.48
Total Employee Benefits	8,572,089.00		8,572,089.00	268,574.43	8,840,663.43	8,560,984.36	279,679.07
Nonbudgeted:							
On-behalf TPAF Pension						\$ 4,150,228.00	\$ (4,150,228.00)
On-behalf TPAF Post-Retirement Medical Contributions						1,539,659.00	(1,539,659.00)
On-behalf TPAF Long-Term Disability Insurance						2,960.00	(2,960.00)
Reimbursed TPAF Social Security Contributions						1,490,000.63	(1,490,000.63)
Total Nonbudgeted						7,182,847.63	(7,182,847.63)
Total Undistributed Expenditures	\$ 22,666,161.00	\$ 53,541.25	\$ 22,719,702.25	\$ 72,814.88	\$ 22,792,517.13	\$ 28,206,988.93	\$ (5,414,471.80)
Total Expenditures - Current Expense	\$ 42,989,105.00	\$ 53,541.25	\$ 43,042,646.25	\$ (1,780.46)	\$ 43,040,865.79	\$ 47,081,369.18	\$ (4,040,503.39)

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Official Budget	Prior Year Encumbered	Original Budget	Transfers	Final Budget	Actual	Final Budget to Actual
Expenditures (Continued):							
Capital Outlay:							
Equipment:							
Vocational Programs: Regular Program	\$ 85,000.00		\$ 85,000.00	\$ (2,000.00)	\$ 83,000.00	\$ 27,385.38	\$ 55,614.62
Vocational Programs: Special Program	32,000.00		32,000.00	(3,000.00)	29,000.00	4,973.00	24,027.00
Undistributed Expenditures - Instruction	5,000.00		5,000.00	5,000.00	10,000.00	8,552.83	1,447.17
Undistributed Expenditures - Central Services				8,300.20	8,300.20	7,134.64	1,165.56
Undistributed Expenditures - Admin Info Tech	12,000.00		12,000.00	(8,300.20)	3,699.80	2,240.91	1,458.89
Undistributed Expenditures - Required Maint	5,000.00		5,000.00		5,000.00		5,000.00
Undistributed Expenditures - Custodial Services	9,000.00		9,000.00		9,000.00	4,181.40	4,818.60
Undistributed Expenditures - Care and Upkeep	5,000.00		5,000.00		5,000.00		5,000.00
Undistributed Expenditures - Security	14,500.00		14,500.00		14,500.00		14,500.00
	<u>167,500.00</u>		<u>167,500.00</u>		<u>167,500.00</u>	<u>54,468.16</u>	<u>113,031.84</u>
Facilities Acquisition and Construction Service:							
Assessment for Debt Service on SDS Funding	80,586.00		80,586.00		80,586.00	80,586.00	
	<u>80,586.00</u>		<u>80,586.00</u>		<u>80,586.00</u>	<u>80,586.00</u>	
Total Capital Outlay	<u>248,086.00</u>		<u>248,086.00</u>		<u>248,086.00</u>	<u>135,054.16</u>	<u>113,031.84</u>
Post-Secondary Programs - Instruction:							
Salaries of Teachers	875,286.00		875,286.00	(23,155.00)	852,131.00	718,031.50	134,099.50
Purchased Professional and Technical Services	10,000.00		10,000.00	3,084.30	13,084.30	13,084.30	
Other Purchased Services	43,200.00		43,200.00	(5,678.09)	37,521.91	30,914.89	6,607.02
General Supplies	244,600.00		244,600.00	16,135.36	260,735.36	211,549.62	49,185.74
Textbooks							
Other Objects	6,500.00		6,500.00	(1,506.21)	4,993.79	3,702.16	1,291.63
Total Post-Secondary Programs - Instruction	<u>1,179,586.00</u>		<u>1,179,586.00</u>	<u>(11,119.64)</u>	<u>1,168,466.36</u>	<u>977,282.47</u>	<u>191,183.89</u>
Post-Secondary Programs - Support Services:							
Salaries	261,160.00		261,160.00		261,160.00	241,940.13	19,219.87
Personal Services - Employee Benefits	330,432.00		330,432.00		330,432.00	324,594.00	5,838.00
Other Purchased Services	29,500.00	\$ 2,775.00	32,275.00		32,275.00	20,362.50	11,912.50
Supplies and Materials	1,000.00		1,000.00		1,000.00	459.96	540.04
Other Objects	300.00		300.00		300.00		300.00
Total Post-Secondary Programs - Support Services	<u>622,392.00</u>	<u>2,775.00</u>	<u>625,167.00</u>		<u>625,167.00</u>	<u>587,356.59</u>	<u>37,810.41</u>
Total Post-Secondary Programs	<u>1,801,978.00</u>	<u>2,775.00</u>	<u>1,804,753.00</u>	<u>(11,119.64)</u>	<u>1,793,633.36</u>	<u>1,564,639.06</u>	<u>228,994.30</u>

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Official Budget</u>	<u>Prior Year Encumbered</u>	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
Expenditures (Continued):							
Special Schools:							
Summer School - Instruction:							
Salaries of Teachers	\$ 120,000.00		\$ 120,000.00	\$ 13,497.60	\$ 133,497.60	\$ 133,497.60	\$
Other Salaries for Instruction	7,000.00		7,000.00	(1,597.50)	5,402.50	5,402.50	
General Supplies	10,000.00		10,000.00	(2,789.31)	7,210.69	416.31	6,794.38
Total Summer School - Instruction	<u>137,000.00</u>		<u>137,000.00</u>	<u>9,110.79</u>	<u>146,110.79</u>	<u>139,316.41</u>	<u>6,794.38</u>
Summer School - Support:							
Other Salaries for Instruction	85,000.00		85,000.00	3,789.31	88,789.31	88,789.31	
Total Summer School	<u>222,000.00</u>		<u>222,000.00</u>	<u>12,900.10</u>	<u>234,900.10</u>	<u>228,105.72</u>	<u>6,794.38</u>
Vocational Evening - Local - Instruction:							
Salaries of Teachers	170,000.00		170,000.00	\$ (6,766.55)	163,233.45	156,582.97	6,650.48
Other Purchased Services	5,000.00		5,000.00	(231.28)	4,768.72	2,969.72	1,799.00
General Supplies	55,000.00		55,000.00	(6,941.52)	48,058.48	38,039.44	10,019.04
Textbooks	5,000.00		5,000.00		5,000.00	2,883.20	2,116.80
Other Objects	300.00		300.00	483.58	783.58	783.58	
Total Vocational Evening - Local - Instruction	<u>235,300.00</u>		<u>235,300.00</u>	<u>(13,455.77)</u>	<u>221,844.23</u>	<u>201,258.91</u>	<u>20,585.32</u>
Special Schools:							
Vocational Evening - Local - Support Services:							
Salaries	110,853.00		110,853.00	11,266.55	122,119.55	117,751.62	4,367.93
Personal Services - Employee Benefits	19,568.00		19,568.00		19,568.00	19,242.00	326.00
Other Purchased Services	37,332.00		37,332.00	2,189.22	39,521.22	39,521.22	
Supplies and Materials							
Total Vocational Evening - Local - Support Services	<u>167,753.00</u>		<u>167,753.00</u>	<u>13,455.77</u>	<u>181,208.77</u>	<u>176,514.84</u>	<u>4,693.93</u>
Total Vocational Evening - Local	<u>403,053.00</u>		<u>403,053.00</u>		<u>403,053.00</u>	<u>377,773.75</u>	<u>25,279.25</u>
Total Special Schools	<u>2,427,031.00</u>	\$ <u>2,775.00</u>	<u>2,429,806.00</u>	<u>1,780.46</u>	<u>2,431,586.46</u>	<u>2,170,518.53</u>	<u>261,067.93</u>
Total Expenditures	\$ <u>45,664,222.00</u>	\$ <u>56,316.25</u>	\$ <u>45,720,538.25</u>		\$ <u>45,720,538.25</u>	\$ <u>49,386,941.87</u>	\$ <u>(3,666,403.62)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ <u>(4,867,739.00)</u>	\$ <u>(56,316.25)</u>	\$ <u>(4,924,055.25)</u>		\$ <u>(4,924,055.25)</u>	\$ <u>(1,693,654.86)</u>	\$ <u>3,230,400.39</u>

**MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Official Budget</u>	<u>Prior Year Encumbered</u>	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget to Actual</u>
Other Financing Sources (Uses):							
Transfer to Food Service	\$ 75,000.00		\$ 75,000.00		\$ 75,000.00	\$ 34,395.00	\$ 40,605.00
Total Other Financing Sources (Uses)	<u>75,000.00</u>		<u>75,000.00</u>		<u>75,000.00</u>	<u>34,395.00</u>	<u>40,605.00</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(4,942,739.00)</u>	\$ <u>(56,316.25)</u>	<u>(4,999,055.25)</u>		<u>(4,999,055.25)</u>	<u>(1,728,049.86)</u>	<u>3,189,795.39</u>
Fund Balances, July 1	<u>6,337,681.54</u>		<u>6,337,681.54</u>		<u>6,337,681.54</u>	<u>6,337,681.54</u>	<u>1,766,391.77</u>
Fund Balances, June 30	\$ <u><u>1,394,942.54</u></u>	\$ <u><u>(56,316.25)</u></u>	\$ <u><u>1,338,626.29</u></u>		\$ <u><u>1,338,626.29</u></u>	\$ <u><u>4,609,631.68</u></u>	\$ <u><u>3,271,005.39</u></u>
Recapitulation of Excess/(Deficiency) of Revenues under Expenditures:							
Add: Budgeted Withdrawal from Maintenance Reserve	\$ 500,000.00						
Budgeted Fund Balance			<u>4,442,739.00</u>				
			\$ <u><u>4,942,739.00</u></u>				
Committed for Yearend Encumbrances						\$ 50,056.76	
Assigned - Designated for subsequent year's expenditures						3,932,035.00	
Restricted Maintenance - Designated for subsequent year's expenditures						200,000.00	
Unassigned						<u>427,539.92</u>	
						\$ 4,609,631.68	
Reconciliation to Governmental Funds Statements (GAAP):							
Last State Aid payments not recognized on GAAP Basis							
Current Year						<u>803,997.00</u>	
Fund Balance per Governmental Funds (GAAP)						\$ <u><u>3,805,634.68</u></u>	

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:			
Federal Aid	\$ 1,044,740.00	\$ 1,020,805.45	\$ 23,934.55
State Aid	141,101.00	139,823.16	1,277.84
Other Aid	<u>23,344.57</u>	<u>23,344.57</u>	
Total Revenues	\$ 1,209,185.57	\$ 1,183,973.18	\$ 25,212.39
Expenditures:			
Instruction:			
Salaries of Teachers - 101	\$ 222,764.00	\$ 209,110.90	\$ 13,653.10
Purchased Professional Technical Services	4,600.00	120.00	4,480.00
General Supplies	<u>246,268.00</u>	<u>242,325.79</u>	<u>3,942.21</u>
Total Instruction	<u>473,632.00</u>	<u>451,556.69</u>	<u>22,075.31</u>
Support Services:			
Personal Services - Salaries - 100			
Salaries of Supervisors of Instruction - 103	18,268.00	18,268.00	
Salaries of Other Professional Staff - 104	172,935.00	172,935.00	
Personal Services - Employee Benefits	126,603.00	125,418.99	1,184.01
Purchased Professional Educational Services	3,500.00	3,500.00	
Rentals	23,344.57	23,344.57	
Supplies and Materials	<u>1,555.00</u>	<u>1,253.68</u>	<u>301.32</u>
Total Support Services	<u>346,205.57</u>	<u>344,720.24</u>	<u>1,485.33</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment	<u>389,348.00</u>	<u>387,696.25</u>	<u>1,651.75</u>
Total Facilities Acquisition and Construction Services	<u>389,348.00</u>	<u>387,696.25</u>	<u>1,651.75</u>
Total Expenditures	\$ 1,209,185.57	\$ 1,183,973.18	\$ 25,212.39

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 47,693,287.01	\$ 1,183,973.18
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized. and the related revenue is recognized.		
Prior Year	None	None
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 recognized the related expense (GASB 33)		
June 30, 2019	803,997.00	
June 30, 2020	(803,997.00)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 47,693,287.01	\$ 1,183,973.18
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 49,386,941.87	\$ 1,183,973.18
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received and reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2019	None	None
June 30, 2020	None	None
Total Expenditures as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 49,386,941.87	\$ 1,183,973.18

REQUIRED SUPPLEMENTARY INFORMATION – PART III

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST SEVEN (7) FISCAL YEAR *

<u>Year</u>	<u>District's Proportion of Net Pension Liability</u>	<u>District's Proportionate Share of Net Pension Liability (asset)</u>	<u>District's Covered-Employee Payroll</u>	<u>District's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as Percentage of Total Pension Liability</u>
2020	0.0486829807 %	\$ 8,771,935	\$ 3,484,336	251.75 %	56.27 %
2019	0.0498532700	9,815,861	3,450,634	284.46	46.40
2018	0.0499401334	11,625,265	3,501,791	331.98	48.09
2017	0.0521781239	15,453,664	3,477,858	444.34	40.14
2016	0.0521389342	11,407,217	3,526,526	323.47	47.92
2015	0.0506691300	9,486,647	3,568,381	265.85	48.72
2014	0.0506353473	9,677,421	3,551,552	272.48	52.08

* The amounts presented for each

Note: Only the last seven (7) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST SEVEN (7) FISCAL YEAR *

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered-Employee Payroll</u>	<u>Contributions as Percentage of Covered-Employee Payroll</u>
2020	\$ 473,549	\$ 473,549	None	\$ 3,484,336	13.59 %
2019	495,818	495,818	None	3,450,634	14.37
2018	462,242	462,242	None	3,501,791	13.20
2017	463,543	463,543	None	3,477,858	13.33
2016	448,255	448,255	None	3,526,526	12.71
2015	417,709	417,709	None	3,568,381	11.71
2014	381,527	381,527	None	3,551,552	10.74

Note: Only the last seven (7) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF CONTRIBUTIONS
TEACHERS PENSION AND ANNUITY FUND (TPAF)
LAST SEVEN (7) FISCAL YEAR *

Year	District's Proportion of Net Pension Liability (asset)	Proportionate Share of Net Pension Liability (Asset)			District's Covered-Employee Payroll	District's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as Percentage of Total Pension Liability
		District	State	Total			
2020	0.19097046910 %	\$ None	\$ 117,200,379	\$ 117,200,379	\$ 20,752,777	None	26.95 %
2019	0.19115072300	None	121,583,324	121,583,324	20,529,260	None	26.49
2018	0.19058834080	None	128,971,529	128,971,529	21,062,354	None	25.41
2017	0.18907937040	None	148,741,872	148,741,872	19,964,804	None	22.33
2016	0.19704707500	None	124,559,331	124,559,331	19,956,032	None	28.71
2015	0.19587693300	None	104,689,846	104,689,846	19,410,420	None	33.64
2014	0.19956904510	None	100,860,626	100,860,626	100,860,626	None	33.76

Note: Only the last seven (7) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019.

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

**MONMOUTH COUNTY VOCATIONAL SCHOOLS
COUNTY OF MONMOUTH
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE (3) YEARS ***

<u>Total OPEB Liability</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 2,527,280	\$ 2,871,236	\$ 3,427,959
Interest	2,938,697	3,163,255	2,713,248
Differences between expected and actual experience	(10,149,619)	(7,591,260)	(10,503,943)
Changes of assumptions or other inputs	1,024,559	(8,540,268)	(2,002,134)
Benefit payments	(2,109,371)	(1,990,011)	-
Contributions from members	<u>62,528</u>	<u>68,778</u>	<u>73,724</u>
Net changes in total OPEB liability	(5,705,926)	(12,018,270)	(6,291,146)
Total OPEB liability - beginning	<u>74,421,746</u>	<u>86,440,016</u>	<u>92,731,162</u>
Total OPEB liability - ending	<u>\$ 68,715,820</u>	<u>\$ 74,421,746</u>	<u>\$ 86,440,016</u>
Covered-employee payroll (PERS and TPAF)	<u>\$ 24,237,113</u>	<u>\$ 23,979,894</u>	<u>\$ 24,564,145</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>None</u>	<u>None</u>	<u>None</u>

Note: Only last three (3) years of information is presented as GASB 75 was implemented during fiscal year ended June 30, 2019. Eventually a full ten (10) years schedule will be compiled.

Notes to Required Supplementary Information:

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

Changes of Assumptions - The discount rate utilized was 3.50% as of June 30, 2019.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Total Brought Forward (Exh. E-1a)	Title I	Title II Part A	Title IV Part A	IDEA Part B Regular	Perkins Secondary Federal	Perkins Post Secondary	Totals
REVENUES:								
State sources	\$ 139,823.16							\$ 139,823.16
Federal sources	42,869.95	\$ 188,027.00	\$ 44,511.00	\$ 11,682.70	\$ 233,462.00	\$ 401,859.80	\$ 98,393.00	1,020,805.45
Local sources	23,344.57							23,344.57
Total revenues	\$ 206,037.68	\$ 188,027.00	\$ 44,511.00	\$ 11,682.70	\$ 233,462.00	\$ 401,859.80	\$ 98,393.00	\$ 1,183,973.18
EXPENDITURES:								
Instruction:								
Salaries of teachers - 101	\$ 36,861.90	\$ 139,278.00	\$ 32,971.00					\$ 209,110.90
Purchased professional and technical services						\$ 120.00		120.00
Supplies and materials	17,243.06	1.00		\$ 2,939.70	\$ 1.00	210,971.03	\$ 11,170.00	242,325.79
Total instruction	54,104.96	139,279.00	32,971.00	2,939.70	1.00	211,091.03	\$ 11,170.00	451,556.69
Support services:								
Personal services - salaries - 100								
Salaries of supervisors of instruction - 103	18,268.00							18,268.00
Salaries of other professional staff - 104					172,935.00			172,935.00
Personal services-employee benefits	4,604.99	48,748.00	11,540.00		60,526.00			125,418.99
Other Purchased Professional/technical services	1,000.00					2,500.00		3,500.00
Rentals	23,344.57							23,344.57
Supplies and materials	1,253.68							1,253.68
Total support services	48,471.24	48,748.00	11,540.00		233,461.00	2,500.00		344,720.24
Facilities acquisition and construction services:								
Instructional equipment	103,461.48			8,743.00		188,268.77	87,223.00	387,696.25
Total expenditures	\$ 206,037.68	\$ 188,027.00	\$ 44,511.00	\$ 11,682.70	\$ 233,462.00	\$ 401,859.80	\$ 98,393.00	\$ 1,183,973.18

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Perkins Secondary Reserve State</u>	<u>Adult Basic Education</u>	<u>Apprentice Coordinator</u>	<u>NJSIG Safety</u>	<u>Totals Carried Forward Exhibit E-1</u>
REVENUES:					
State sources	\$ 118,903.48		\$ 20,919.68		\$ 139,823.16
Federal sources		\$ 42,869.95			42,869.95
Local sources				\$ 23,344.57	23,344.57
Total revenues	<u>\$ 118,903.48</u>	<u>\$ 42,869.95</u>	<u>\$ 20,919.68</u>	<u>\$ 23,344.57</u>	<u>\$ 206,037.68</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers - 101		\$ 36,861.90			\$ 36,861.90
Purchased professional and technical services					
Supplies and materials	\$ 14,442.00	2,801.06			17,243.06
Total instruction	<u>14,442.00</u>	<u>39,662.96</u>			<u>54,104.96</u>
Support services:					
Personal services - salaries - 100					
Salaries of supervisors of instruction - 103			\$ 18,268.00		\$ 18,268.00
Salaries of other professional staff - 104					
Personal services-employee benefits		3,206.99	1,398.00		4,604.99
Other Purchased Professional/technical services	1,000.00				1,000.00
Rentals				\$ 23,344.57	23,344.57
Supplies and materials			1,253.68		1,253.68
Total support services	<u>1,000.00</u>	<u>3,206.99</u>	<u>20,919.68</u>	<u>23,344.57</u>	<u>48,471.24</u>
Facilities acquisition and construction services:					
Instructional equipment	103,461.48				103,461.48
Total expenditures	<u>\$ 118,903.48</u>	<u>\$ 42,869.95</u>	<u>\$ 20,919.68</u>	<u>\$ 23,344.57</u>	<u>\$ 206,037.68</u>

FIDUCIARY FUNDS

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
COMBINING STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
JUNE 30, 2020**

	Trust			Agency					
	Unemployment Compensation	Contractor Retainage	Private Purpose	Total Trust Funds	Student Activity	F.F.E.L Program	Flex Spending	Payroll Agency	Total Agency Funds
ASSETS									
Cash and Cash Equivalents	\$ 154,473.45	\$ 79,605.09	\$ 14,626.14	\$ 248,704.68	\$ 328,999.89	\$ 260.00	\$ 26,456.64	\$ 1.08	\$ 355,717.61
Total Assets	<u>\$ 154,473.45</u>	<u>\$ 79,605.09</u>	<u>\$ 14,626.14</u>	<u>\$ 248,704.68</u>	<u>\$ 328,999.89</u>	<u>\$ 260.00</u>	<u>\$ 26,456.64</u>	<u>\$ 1.08</u>	<u>\$ 355,717.61</u>
LIABILITIES									
Accounts Payable	\$ 35,285.38			\$ 35,285.38		\$ 260.00	\$ 26,456.64	\$ 1.08	\$ 26,717.72
Payable to Student Groups					\$ 328,999.89				328,999.89
Retainage Payable		<u>\$ 79,605.09</u>		<u>79,605.09</u>					
Total Liabilities	<u>\$ 35,285.38</u>	<u>\$ 79,605.09</u>		<u>\$ 114,890.47</u>	<u>\$ 328,999.89</u>	<u>\$ 260.00</u>	<u>\$ 26,456.64</u>	<u>\$ 1.08</u>	<u>\$ 355,717.61</u>
NET POSITION									
Held in Trust for Unemployment Claims and Other Purposes	\$ 119,188.07			119,188.07					
Unreserved			\$ 14,626.14	14,626.14					
Total Net Position	<u>\$ 119,188.07</u>		<u>\$ 14,626.14</u>	<u>\$ 133,814.21</u>					

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Schools:				
Academy of Allied Health and Science	\$ 13,177.51	\$ 47,438.66	\$ 40,963.05	\$ 19,653.12
Adult High School	805.23	2,195.00	2,099.12	901.11
Biotechnology High School	32,292.13	46,677.91	47,975.94	30,994.10
Career Center	37,118.63	73,333.75	72,732.31	37,720.07
CLASS Academy	1,157.64	697.00	682.10	1,172.54
Communications High School	29,899.35	64,833.49	49,064.73	45,668.11
Culinary Education Center	52,835.12	11,697.02	11,299.99	53,232.15
Freehold	1,124.54	865.00	500.00	1,489.54
High Technology High School	52,226.95	53,586.15	36,876.28	68,936.82
Marine Academy of Science and Technology	52,457.45	102,550.56	103,170.68	51,837.33
North (Shared Time) Schools	2,389.19	7,665.00	6,581.05	3,473.14
South (Shared Time) Schools	<u>11,691.48</u>	<u>25,586.10</u>	<u>23,355.72</u>	<u>13,921.86</u>
Total All Schools	<u>\$ 287,175.22</u>	<u>\$ 437,125.64</u>	<u>\$ 395,300.97</u>	<u>\$ 328,999.89</u>

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
PAYROLL AGENCY AND NET FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ <u>1.08</u>	\$ <u>30,594,023.54</u>	\$ <u>30,594,023.54</u>	\$ <u>1.08</u>
Total Assets	\$ <u><u>1.08</u></u>	\$ <u><u>30,594,023.54</u></u>	\$ <u><u>30,594,023.54</u></u>	\$ <u><u>1.08</u></u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 0.73	14,482,078.54	14,482,078.54	\$ 0.73
Summer Reserve		1,078,028.40	1,078,028.40	
Net Pay	<u>0.35</u>	<u>15,033,916.60</u>	<u>15,033,916.60</u>	<u>0.35</u>
Total Liabilities	\$ <u><u>1.08</u></u>	\$ <u><u>30,594,023.54</u></u>	\$ <u><u>30,594,023.54</u></u>	\$ <u><u>1.08</u></u>

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIOANL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
GRANT/LOAN PROGRAM
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS</u>				
Stafford Loans	\$ 260.00	\$ 301,927.00	\$ 301,927.00	\$ 260.00
Pell Grant	<u> </u>	<u>95,216.00</u>	<u>95,216.00</u>	<u> </u>
Total Assets	<u>\$ 260.00</u>	<u>\$ 397,143.00</u>	<u>\$ 397,143.00</u>	<u>\$ 260.00</u>
<u>LIABILITIES</u>				
Accounts Payable	<u>\$ 260.00</u>	<u>\$ 397,143.00</u>	<u>397,143.00</u>	<u>\$ 260.00</u>
Total Liabilities	<u>\$ 260.00</u>	<u>\$ 397,143.00</u>	<u>\$ 397,143.00</u>	<u>\$ 260.00</u>

BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIOANL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
CONTRACTOR RETAINAGE PAYABLE
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS</u>				
Cash	\$ <u>127,234.12</u>	\$ <u>83,427.04</u>	\$ <u>131,056.07</u>	\$ <u>79,605.09</u>
Total Assets	\$ <u><u>127,234.12</u></u>	\$ <u><u>83,427.04</u></u>	\$ <u><u>131,056.07</u></u>	\$ <u><u>79,605.09</u></u>
<u>LIABILITIES</u>				
Retainage Payable	\$ <u>127,234.12</u>	\$ <u>83,427.04</u>	\$ <u>131,056.07</u>	\$ <u>79,605.09</u>
Total Liabilities	\$ <u><u>127,234.12</u></u>	\$ <u><u>83,427.04</u></u>	\$ <u><u>131,056.07</u></u>	\$ <u><u>79,605.09</u></u>

STATISTICAL TABLES (SECTION)
(UNAUDITED)

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
 Net Position by Component,
 Last Ten (10) Fiscal Years
 (Unaudited)
 (accrual basis of accounting)

	Fiscal Year Ended June 30,										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities											
Invested in capital assets, net of related debt	\$ 65,167,913	\$ 66,340,470	\$ 76,794,893	\$ 76,745,441	\$ 79,281,437	\$ 80,675,435	\$ 87,279,739	\$ 84,832,094	\$ 84,739,288	\$ 87,746,076	\$ 91,908,312
Restricted	907,071	908,071	3,331,421	6,609,869	908,071	160,220	160,220	160,220			
Unrestricted (Deficit)	(1,222,295)	(420,663)	(315,912)	(1,140,657)	3,703,376	(4,874,064)	(4,400,435)	(5,999,484)	(8,106,747)	(10,485,929)	(11,797,648)
Total governmental activities net position	<u>\$ 64,852,689</u>	<u>\$ 66,827,878</u>	<u>\$ 79,810,402</u>	<u>\$ 82,214,653</u>	<u>\$ 83,892,884</u>	<u>\$ 75,961,591</u>	<u>\$ 83,039,524</u>	<u>\$ 78,992,831</u>	<u>\$ 76,632,541</u>	<u>\$ 77,260,147</u>	<u>\$ 80,110,664</u>
Business-type activities											
Invested in capital assets, net of related debt	\$ 53,139	\$ 306,599	\$ 419,818	\$ 376,799	\$ 329,467	\$ 282,135					
Unrestricted	3,703	32,547	59,894	59,189	59,189	55,250	\$ 27,013	\$ 24,431	\$ 24,415	\$ 19,171	\$ 12,668
Total business-type activities net position	<u>\$ 56,842</u>	<u>\$ 339,146</u>	<u>\$ 479,712</u>	<u>\$ 435,988</u>	<u>\$ 388,656</u>	<u>\$ 337,385</u>	<u>\$ 27,013</u>	<u>\$ 24,431</u>	<u>\$ 24,415</u>	<u>\$ 19,171</u>	<u>\$ 12,668</u>
District-wide											
Invested in capital assets, net of related debt	\$ 65,221,052	\$ 66,647,069	\$ 77,214,712	\$ 77,122,240	\$ 79,610,904	\$ 80,957,570	\$ 87,279,739	\$ 84,832,094	\$ 84,739,288	\$ 87,746,076	\$ 91,908,312
Restricted	907,071	908,071	3,331,421	6,609,869	908,071	160,220	160,220	160,220			
Unrestricted (Deficit)	(1,218,591)	(388,116)	(256,018)	(256,018)	3,762,565	(4,818,814)	(4,373,422)	(5,975,053)	(8,082,332)	(10,466,758)	(11,784,981)
Total district net position	<u>\$ 64,909,531</u>	<u>\$ 67,167,024</u>	<u>\$ 80,290,115</u>	<u>\$ 83,476,091</u>	<u>\$ 84,281,540</u>	<u>\$ 76,298,976</u>	<u>\$ 83,066,537</u>	<u>\$ 79,017,262</u>	<u>\$ 76,656,956</u>	<u>\$ 77,279,318</u>	<u>\$ 80,123,332</u>

Source: CAFR Exhibit A-1

Note: In 2015 the effective date of GASB 68 an adjustment was made for the provision of the net pension liability and other related data for PERS & TPAF data for periods prior to 2015 is not available..

2017 includes OPEB expense in accordance with GASB Statement No. 75 related to post-retirement benefits other than pension amounts prior 2017 are not available.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Changes in Net Position, Last Ten (10) Fiscal Years
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,										
	2009	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses											
Governmental activities											
Instruction											
Regular	\$ 6,317	\$ 407,408	\$ 247,172	\$ 506,296	\$ 631,097	\$ 625,773	\$ 583,174	\$ 473,059	\$ 534,748	\$ 472,597	\$ 462,195
Vocational	17,264,345	16,638,136	16,347,871	17,707,523	17,505,268	17,321,469	17,991,924	18,163,497	18,569,693	18,763,728	18,863,742
Support Services:											
Student & instruction related services	3,120,614	2,776,614	2,671,865	2,657,040	2,724,169	2,842,868	2,920,083	3,113,337	3,180,173	3,200,142	3,198,181
General administrative services	636,557	650,587	1,157,041	661,759	1,095,096	714,467	809,972	1,121,327	1,327,732	1,138,526	695,852
School administrative services	2,264,349	2,248,036	1,707,042	2,240,324	1,861,793	2,180,194	2,239,396	1,869,315	1,802,376	1,806,211	2,362,362
Central services	719,377	640,926	691,072	676,598	715,740	688,573	716,324	716,596	725,385	735,554	756,707
Administrative information technology	278,393	393,385	364,368	438,906	460,434	448,879	425,790	472,825	518,813	528,150	469,992
Plant operations and maintenance	5,094,700	5,122,373	4,709,288	4,915,434	5,704,097	5,524,995	5,212,639	5,690,326	5,445,902	5,324,504	5,036,618
Pupil transportation	120,723	73,291	84,869	92,063	87,127	77,552	91,652	107,476	146,692	163,115	73,488
Unallocated benefits	6,689,937	9,410,652	9,805,990	10,391,451	10,384,234	15,717,188	18,557,649	23,174,448	22,786,197	20,867,906	18,474,184
Special Schools	2,373,226	1,935,280	1,972,777	2,011,512	2,089,069	2,206,281	2,146,266	2,220,595	2,160,728	2,325,854	2,170,519
Unallocated depreciation	2,462,650	2,105,051	3,577,112	3,716,869	3,944,965	3,666,293	3,076,949	3,226,721	3,155,465	3,340,629	3,664,370
Total governmental activities expenses	<u>43,031,188</u>	<u>42,401,739</u>	<u>43,336,466</u>	<u>46,015,775</u>	<u>47,203,089</u>	<u>52,014,532</u>	<u>54,771,818</u>	<u>60,349,522</u>	<u>60,353,903</u>	<u>58,666,914</u>	<u>56,228,209</u>
Business-type activities:											
Food service	106,607	108,718	126,118	139,047	140,960	145,169	92,318	83,138	73,876	63,902	52,183
NJ Dept of Corr. & County Youth Detention Ctr.	16,017	6,315									
County Division of Aging, Disab, Vet Affairs	6,651										
Total business-type activities expense	<u>122,624</u>	<u>115,033</u>	<u>126,118</u>	<u>139,047</u>	<u>140,960</u>	<u>145,169</u>	<u>92,318</u>	<u>83,138</u>	<u>73,876</u>	<u>63,902</u>	<u>52,183</u>
Total district expenses	<u>\$ 43,153,812</u>	<u>\$ 42,516,772</u>	<u>\$ 43,462,584</u>	<u>\$ 46,154,822</u>	<u>\$ 47,344,049</u>	<u>\$ 52,159,701</u>	<u>\$ 54,864,136</u>	<u>\$ 60,432,660</u>	<u>\$ 60,427,778</u>	<u>\$ 58,730,816</u>	<u>\$ 56,280,392</u>
Program Revenues											
Governmental activities:											
Charges for services:											
Special Schools	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation	-	-	-	-	-	-	-	-	-	-	-
Central and other support services	-	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	3,312,374	3,294,317	324,410	691,981	770,812	785,504	761,257	959,218	1,010,444	820,356	670,858
Total governmental activities program revenues	<u>3,312,374</u>	<u>3,294,317</u>	<u>324,410</u>	<u>691,981</u>	<u>770,812</u>	<u>785,504</u>	<u>761,257</u>	<u>959,218</u>	<u>1,010,444</u>	<u>820,356</u>	<u>670,858</u>

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Changes in Net Position, Last Ten (10) Fiscal Years
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,										
	2009	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:											
Charges for services											
Food service	\$ 12,992	\$ 12,825	\$ 12,474	\$ 10,261	\$ 12,344	\$ 10,822	\$ 9,001	\$ 8,799	\$ 9,515	\$ 6,002	\$ 4,164
NJ Dept of Corrections and County Youth Detention	16,017	6,314									
County Department of Human Services	22,580	-									
Operating grants and contributions	23,301	16,870	18,576	17,471	22,081	11,413	13,457	12,043	10,702	9,501	7,122
Total business type activities program revenues	74,890	36,009	31,050	27,732	34,425	22,235	22,458	20,842	20,217	15,503	11,285
Total district program revenues	<u>\$ 3,387,264</u>	<u>\$ 3,330,326</u>	<u>\$ 355,460</u>	<u>\$ 719,713</u>	<u>\$ 805,237</u>	<u>\$ 807,739</u>	<u>\$ 783,715</u>	<u>\$ 980,060</u>	<u>\$ 1,030,661</u>	<u>\$ 835,859</u>	<u>\$ 682,143</u>
Net (Expense)/Revenue											
Governmental activities	\$ (39,718,814)	\$ (39,107,422)	\$ (43,012,056)	\$ (45,323,794)	\$ (46,432,277)	\$ (51,229,028)	\$ (54,010,561)	\$ (59,390,304)	\$ (59,343,459)	\$ (57,846,558)	\$ (55,557,351)
Business-type activities	(66,914)	(79,024)	(95,067)	(111,315)	(106,535)	(122,934)	(69,860)	(62,296)	(53,658)	(48,399)	(40,898)
Total district-wide net expense	<u>\$ (39,785,728)</u>	<u>\$ (39,186,446)</u>	<u>\$ (43,107,123)</u>	<u>\$ (45,435,109)</u>	<u>\$ (46,538,812)</u>	<u>\$ (51,351,962)</u>	<u>\$ (54,080,421)</u>	<u>\$ (59,452,599)</u>	<u>\$ (59,397,117)</u>	<u>\$ (57,894,957)</u>	<u>\$ (55,598,249)</u>
General Revenues and Other Changes in Net Assets											
Governmental activities:											
Property taxes levied for general purposes, net	\$ 15,405,120	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178
Taxes levied for debt service	-	-	-	-	-	-	-	-	-	-	-
State Aid - Unrestricted	8,827,904	8,119,741	11,325,397	12,624,597	11,665,604	16,866,971	19,497,183	22,884,244	23,956,332	20,341,993	18,633,116
Federal & State Aid - Restricted	613,393	-	-	-	199,084	290,354	-	-	-	-	-
Grants and Contributions	-	-	-	-	-	-	-	-	-	-	-
Tuition received	11,856,042	12,359,675	11,856,348	12,812,550	12,888,560	13,036,265	13,355,769	13,307,178	13,470,034	13,595,786	13,982,012
Investment earnings	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	1,787,515	2,301,240	2,741,383	2,418,477	2,343,759	2,104,027	2,145,013	2,470,993	2,120,927	2,048,230	1,769,039
County Contributed Capital	93,412	2,743,232	1,530,866	2,384,346	2,962,428	3,630,652	3,621,310	2,537,762	299,735	-	-
Fixed Assets Restatement	-	(1,028,456)	11,953,611	-	226,895	(183,872)	5,426,091	-	-	5,872,131	7,395,918
Insurance Proceeds	-	-	-	1,252,934	1,221,202	640,243	-	-	-	-	-
Special and Extraordinary Items, Net	-	-	-	-	-	-	422,573	-	-	-	-
Transfers	(53,690)	(75,000)	(75,203)	(59,055)	(59,202)	(71,663)	(41,623)	(59,714)	(50,642)	(46,154)	(34,395)
Total governmental activities	<u>38,529,696</u>	<u>41,082,610</u>	<u>55,994,580</u>	<u>48,096,027</u>	<u>48,110,508</u>	<u>52,975,155</u>	<u>61,088,494</u>	<u>57,802,640</u>	<u>56,458,564</u>	<u>58,474,164</u>	<u>58,407,868</u>
Business-type activities:											
Fixed Assets Restatement	-	286,328	160,430	-	-	-	(282,135)	-	-	-	-
Transfers	53,690	75,000	75,203	59,055	59,202	71,663	41,623	59,714	50,642	46,154	34,395
Total business-type activities	<u>53,690</u>	<u>361,328</u>	<u>235,633</u>	<u>59,055</u>	<u>59,202</u>	<u>71,663</u>	<u>(240,512)</u>	<u>59,714</u>	<u>50,642</u>	<u>46,154</u>	<u>34,395</u>
Total district-wide	<u>\$ 38,583,386</u>	<u>\$ 41,443,938</u>	<u>\$ 56,230,212</u>	<u>\$ 48,155,082</u>	<u>\$ 48,169,710</u>	<u>\$ 53,046,818</u>	<u>\$ 60,847,982</u>	<u>\$ 57,862,354</u>	<u>\$ 56,509,206</u>	<u>\$ 58,520,318</u>	<u>\$ 58,442,263</u>
Change in Net Position											
Governmental activities	\$ (1,189,118)	\$ 1,975,188	\$ 12,982,524	\$ 2,772,233	\$ 1,678,231	\$ 1,746,128	\$ 7,077,934	\$ (1,587,664)	\$ (2,884,895)	\$ 627,606	\$ 2,850,517
Business-type activities	(13,224)	282,304	140,565	(52,260)	(47,333)	(51,271)	(310,372)	(2,582)	(3,016)	(2,245)	(6,503)
Total district	<u>\$ (1,202,342)</u>	<u>\$ 2,257,492</u>	<u>\$ 13,123,089</u>	<u>\$ 2,719,973</u>	<u>\$ 1,630,898</u>	<u>\$ 1,694,857</u>	<u>\$ 6,767,562</u>	<u>\$ (1,590,245)</u>	<u>\$ (2,887,911)</u>	<u>\$ 625,361</u>	<u>\$ 2,844,015</u>

Source: CAFR Exhibit A-2

Note: In 2015 the effective date of GASB 68 an adjustment was made for the provision of the net pension liability and other related data for PERS & TPAF data for periods prior to 2015 is not available.

2017 includes OPEB expense in accordance with GASB Statement No. 75 related to post-retirement benefits other than pension amounts prior 2017 are not available.

Monmouth County Vocational School District
Fund Balances, Governmental Funds,
Last Ten (10) Fiscal Years
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund											
Reserved	\$ 3,776,435										
Unreserved	1,381,942										
Restricted		\$ 4,191,457	\$ 6,075,034	\$ 5,595,872	\$ 7,271,061	\$ 8,461,095	\$ 8,949,829	\$ 8,238,719	\$ 6,964,725	\$ 4,942,739	\$ 3,755,578
Assigned		20,360	515,932	3,044,722	225,847	96,970	303,852	254,454	45,648	56,316	50,057
Unassigned		2,226,880	2,171,835	2,315,584	2,522,967	1,694,711	1,673,328	1,672,104	1,398,478	534,640	
Total general fund	<u>\$ 5,158,377</u>	<u>\$ 6,438,697</u>	<u>\$ 8,762,801</u>	<u>\$10,956,178</u>	<u>\$ 10,019,875</u>	<u>\$ 10,252,776</u>	<u>\$ 10,927,009</u>	<u>\$ 10,165,277</u>	<u>\$ 8,408,851</u>	<u>\$ 5,533,695</u>	<u>\$ 3,805,635</u>
All Other Governmental Funds											
Reserved		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:											
Special revenue fund		-	-	-	-	-	-	-	-	-	-
Capital projects fund		-	-	-	-	-	-	160,220	-	-	-
Debt service fund		-	-	-	-	-	-	-	-	-	-
Permanent fund		-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: The numbers in this report have been rounded.
 Source: CAFR Exhibit B-1

Note:
 GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See Notes to financial statements - Note 2G 15(a-c). Prior years have not been restated above and are not required to be.

**Monmouth County Vocational School District
Changes in Fund Balances, Governmental Funds,
Last Ten (10) Fiscal Years
(Unaudited)**
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues											
Tax levy	\$ 16,021,325	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178	\$ 16,662,178
Tuition charges	11,939,270	12,210,925	11,699,373	12,667,300	12,748,035	12,938,090	13,244,994	13,307,178	13,470,034	13,478,886	13,856,012
Non-Resident Fees	152,025	148,750	156,975	145,250	140,525	98,175	110,775	130,876	121,450	116,900	126,000
Interest earnings	2,000	1,000	-	-	-	-	-	-	-	-	-
Miscellaneous	1,864,989	2,301,141	2,130,848	2,527,789	2,353,079	2,164,060	2,151,613	2,340,117	1,999,477	2,048,230	1,769,039
State sources	10,858,663	10,033,900	11,040,102	12,248,185	11,759,480	12,343,115	13,121,869	13,764,599	14,757,728	15,465,374	15,443,226
Federal sources	2,417,648	1,312,045	1,220,239	959,082	866,702	971,843	1,038,326	1,046,725	1,039,298	1,019,050	1,020,805
Total revenue	43,255,920	42,669,939	42,909,716	45,209,784	44,529,999	45,177,461	46,329,755	47,251,673	48,050,165	48,790,618	48,877,260
Expenditures											
Instruction											
Regular Instruction	\$ 4,032	\$ 406,380	\$ 247,219	\$ 508,110	\$ 631,137	\$ 625,812	\$ 584,521	\$ 1,843	\$ 533,610	\$ 472,622	\$ 462,195
Vocational education	17,783,809	16,596,145	16,351,006	17,770,956	17,506,362	17,322,563	18,047,360	18,628,602	18,517,078	19,015,996	18,863,742
Support Services:											
Student & instruction related services	2,985,042	2,765,353	2,672,378	2,666,558	2,724,340	2,843,038	2,926,826	3,112,414	3,173,410	3,238,218	3,198,181
General administration	644,532	650,587	651,930	668,125	688,735	714,584	815,986	679,264	811,054	636,780	702,463
School administrative services	2,155,948	2,242,363	2,212,905	2,248,350	2,271,412	2,180,336	2,246,296	2,309,970	2,314,612	2,367,250	2,384,806
Central services	758,226	640,926	691,072	676,598	712,740	688,573	716,324	716,596	725,385	735,554	763,896
Admin. Information technology	289,777	393,385	364,368	438,906	460,434	448,879	425,790	472,825	518,813	528,150	474,457
Plant operations and maintenance	5,294,252	5,118,834	4,710,191	4,933,043	5,704,454	5,525,352	5,228,700	5,688,412	5,430,472	5,399,522	5,084,469
Pupil transportation	97,605	73,106	84,885	92,392	87,133	77,558	91,934	107,440	146,276	165,413	74,186
Other Support Services											
Employee Benefits	9,565,278	9,410,652	9,805,990	10,467,066	10,459,849	11,266,654	12,172,618	13,155,164	14,829,758	16,168,947	15,869,251
Special Schools	2,468,950	1,935,280	1,972,777	2,011,512	2,089,069	2,206,281	2,146,266	2,220,595	2,160,728	2,325,854	2,170,519
Capital outlay	1,043,974	1,016,822	745,690	1,728,670	3,292,636	1,613,511	633,851	700,343	762,924	565,326	522,750
Total expenditures	43,091,424	41,249,834	40,510,410	44,210,286	46,628,301	45,513,141	46,036,472	47,793,470	49,924,120	51,619,631	50,570,915
Excess (Deficiency) of revenues over (under) expenditures	164,495	1,420,105	2,399,306	999,498	(2,098,302)	(335,680)	293,283	(541,798)	(1,873,955)	(2,829,013)	(1,693,655)
Other Financing sources (uses)											
County of Monmouth Local Match							422,573.00				
Insurance Proceeds				1,252,934.00	1,221,202.00	640,243.00					
Transfers in											
Transfers out	(42,671)	(139,786)	(75,203)	(59,055)	(59,202)	(71,662)	(41,623)	(59,714)	(50,643)	(46,154)	(34,395)
Total other financing sources (uses)	(42,671)	(139,786)	(75,203)	1,193,879	1,162,000	568,581	380,950	(59,714)	(50,643)	(46,154)	(34,395)
Net change in fund balances	\$ 121,824	\$ 1,280,319	\$ 2,324,104	\$ 2,193,377	\$ (936,302)	\$ 232,901	\$ 674,233	\$ (601,511)	\$ (1,924,597)	\$ (2,875,167)	\$ (1,728,050)
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Noncapital expenditures are total expenditures less capital outlay.

Note: The numbers in this report have been rounded
Source: District records

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
General Fund - Other Local Revenue by Source
Last Ten (10) Fiscal Years
(Unaudited)
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Adult Tuition and fees	Interest	Prior Year Refunds	Textbook and Course Tool Sale	Miscellaneous	Total
2010	1,492,566	18,961	122,011	20,699	281,636	1,935,873
2011	1,478,495	6,552	253,713	18,952	475,316	2,233,028
2012	1,574,579	430	173,067	9,283	201,874	1,959,233
2013	1,782,670	183	154,299	8,426	472,893	2,418,471
2014	1,892,141	-	379,878	22,230	49,510	2,343,759
2015	1,671,011	-	179,197	11,662	242,156	2,104,027
2016	1,698,492	-	192,868	9,841	243,812	2,145,013
2017	1,759,229	-	360,199	-	212,197	2,331,625
2018	1,640,930	-	288,959	-	23,817	1,953,706
2019	1,511,009	-	323,229	-	197,728	2,031,966
2020	1,292,698	-	294,267	-	158,729	1,745,694

Note: The numbers in this report have been rounded
Source: District Records

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

<u>As of July 1,</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>County Wide Per Capita Personal Income ^c</u>	<u>Average County Unemployment Rate ^d</u>
2011	629,102	38,242,481,478	60,789	8.64%
2012	627,663	39,540,258,348	62,996	8.80%
2013	626,980	39,891,602,500	63,625	7.50%
2014	625,647	41,761,311,603	66,749	5.50%
2015	624,320	43,846,617,920	70,231	4.90%
2016	623,286	45,031,166,928	72,248	5.00%
2017	622,327	46,920,344,165	75,395	4.20%
2018	621,354	46,846,984,830	75,395	4.10%
2019	618,795	51,082,146,045	82,551	3.12%
2020	618,795	51,082,146,045	82,551	6.80%

Source:

^a Population information provided by the US Bureau of Economic Analysis

^b Personal income has been estimated based upon the county population and per capita personal income presented

^c Per capita data provided by the NJ Dept of Labor and Workforce Development

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

*** Latest available data

Note: The numbers in this report have been rounded

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
(Unaudited)

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	-	-	-	-	-	-	-	-	-	-
Special education	-	-	-	-	-	-	-	-	-	-
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	241	217	227	219	219	220	221	221	221	219
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	33	32	26	26	26	26	26	26	26	26
General administration	3	3	3	3	3	3	3	3	3	3
School administrative services	34	33	18	40	38	39	40	40	40	40
Other administrative services	-	-	-	-	-	-	-	-	-	-
Central services	8	8	10	10	12	10	10	10	10	10
Administrative Information Technology	3	3	4	4	4	4	4	5	5	5
Plant operations and maintenance	39	39	35	35	35	34	34	34	34	34
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	-	-
Special Schools	6	13	23	1	1	1	1	1	1	1
Food Service										
Total	367	348	346	338	338	337	339	340	340	338

Source: District Personnel Records

Note: The numbers in this report have been rounded

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	2,505	40,233,011	21,927	NA	249.00	2144.1	2,015	NA	93.96%
2012	2,206	39,764,719	21,400	-2.40%	217.00	2144.1	2,015	0.00%	93.98%
2013	2,527	42,481,616	23,960	11.96%	226.00	2138.6	2,022	-0.26%	94.55%
2014	2,330	43,335,664	24,716	3.16%	252.00	2174.6	2,067	1.68%	95.04%
2015	2,189	43,335,664	19,110	-22.68%	245.00	2777.0	2,629	27.70%	94.67%
2016	2,215	45,402,621	18,093	-5.32%	246.00	2775.0	2,618	-0.07%	94.34%
2017	2,181	47,093,127	22,779	25.90%	246.00	2720.0	2,562	-1.98%	94.19%
2018	2,168	49,153,245	24,912	9.36%	247.00	2587.0	2,303	-4.89%	89.01%
2019	2,115	51,054,305	24,912 *	0.00%	247.00	2667.0	2,384	3.09%	89.40%
2020	2,123	50,048,165	24,912 *	0.00%	247.00	2678.0	2,388	0.41%	89.17%

Sources: District records

Note: Enrollment based on annual October district count. Includes secondary and post-secondary students. Excludes Adult High School.

- a Operating expenditures equal total expenditures (B-2) less capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS). Numbers adjusted from 2015 forward. 2018, first time Shared-time counted as half days (revised)
- d Meaningful comparisons are only valid when two years of consistent data are published.
- e Total spending per pupil per Taxpayers Guide to Educational Spending (revised)
- f Some numbers in this report have been rounded (* = estimated)

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Academy of Allied Health & Science (Built in 1997, District totally renovated existing 16,000 sq. ft. shared time building and added 25,000 sq. ft.)										
Square Feet	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	40,790
Enrollment	284	281	285	282	287	287	300	299	297	306
AAHS Neptune Annex (Built in 1989; purchased in 2000. Currently used for 2 ST programs, Tech Group, LPN and evening school. CLASS moved out 9/2014.)										
Square Feet	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	18,770
Enrollment	71	80	73	62	0	0	0	0	0	0
Biotechnology High School (Built in 2006)										
Square Feet	72,238	72,238	72,238	72,238	72,238	72,238	72,238	72,238	72,238	72,238
Enrollment	309	314	311	314	320	320	330	323	317	315
Career Center (Built in 1981. Renovated and added classroom wing in September 2009)										
Square Feet	61,742	61,742	61,742	61,742	61,742	61,742	61,742	61,742	61,742	61,742
Enrollment	492	489	494	484	483	476	477	479	465	415
Communications High School (Built in 2000, District totally renovated existing 20,667 sq. ft. shared time building and added 44,833 sq. ft.)										
Square Feet	65,500	65,500	65,500	65,500	65,500	65,500	65,500	65,500	65,500	65,500
Enrollment	293	323	336	326	321	320	311	319	312	312
High Technology High School (Built in 1991. Additions in 1994, 2000, and 2011.)										
Square Feet	60,300	60,300	60,300	60,300	60,300	60,300	60,300	60,300	60,300	60,300
Enrollment	268	283	279	286	291	295	290	286	285	295
KIVA High School Built in 1994, District totally renovated existing 17,000 sq. ft. shared time building and added a new wing. Discontinued in 9/2014.)										
Square Feet	27,873	27,873	27,873	27,873	-	-	-	-	-	-
Enrollment	45	35	35	27						
CLASS Academy (Moved into the KIVA location 9/2014; previously in the Nep. Annex)										
Square Feet					27,873	27,873	27,873	27,873	27,873	27,873
Enrollment					63	69	54	44	47	16
Long Branch-Academy of Law & Public Safety (Built in 1964. Completely renovated and space added in 2009)										
Square Feet	28,676	28,676	28,676	28,676	28,676	28,676	28,676	28,676	28,676	28,676
Enrollment	-	91	24	58	78	85	78	67	74	76
Marine Academy of Science & Technology (In 1991 through 2000, District renovated 12 historical buildings in the Ft. Hancock section of Sandy Hook.)										
Square Feet	31,572	31,572	31,572	31,572	31,572	31,572	31,572	31,572	31,572	31,572
Enrollment	291	295	297	303	292	295	288	279	278	282

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>SHARED TIME VOCATIONAL SITES</u>										
Aberdeen Vocational Building (1977)										
Square Feet	14,325	14,325	14,325	14,325	14,325	14,325	14,325	14,325	14,325	14,325
Culinary Education Center (1967)										
Square Feet	20,802	20,802	20,802	20,802	20,802	20,802	20,802	20,802	20,802	20,802
Freehold Building (1971; Renovation and addition completed 2010)										
Square Feet	19,913	19,913	19,913	19,913	19,913	19,913	19,913	19,913	19,913	19,913
Hazlet Vocational Building (1967)										
Square Feet	19,650	19,650	19,650	19,650	19,650	19,650	19,650	19,650	19,650	19,650
Keyport Vocational Building (1969)										
Square Feet	13,756	13,756	13,756	13,756	13,756	13,756	13,756	13,756	13,756	13,756
Middletown Vocational Building (1965)										
Square Feet	20,053	20,053	20,053	20,053	20,053	20,053	20,053	20,053	20,053	20,053
Shared Time Enrollment (Full Time Equivalent)										
Enrollment	366	350	400	381	313	308	297	310	205	446
Post Secondary Enrollment (PS-full-time, Brookdale Adult Culinary)										
Enrollment	332	361	338	313	215	221	253	248	168	168
Adult High School (Enrolled throughout the District)										
Enrollment	141	0	0	0	0	0	0	0	0	0
Number of Buildings/Campuses at June 30, 2020										
Secondary Vocational = 16										
Adult Evening and Post Secondary classes held at 10 locations in District										

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Changes in square footage and capacity are the result of a recent insurance appraisal compared to district records.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years
(Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Academy of Allied Health & Science	\$ 41,828	\$ 57,144	\$ 79,579	\$ 130,400	\$ 109,901	\$ 57,202	\$ 66,161	\$ 59,145	\$ 49,339	\$ 44,141
AAHS Neptune Annex	29,186	20,670	25,258	32,505	39,201	35,556	53,081	35,353	50,312	37,648
Biotechnology High School	76,571	41,120	58,573	75,349	71,123	80,604	76,204	71,506	69,959	63,620
Career Center	54,925	67,237	48,227	63,476	72,361	80,546	107,272	65,342	86,191	71,236
Communications High School	56,954	75,841	54,932	74,632	61,298	63,092	70,367	60,883	98,965	68,856
High Technology High School	48,264	47,430	50,830	75,924	235,413	49,672	109,190	57,353	55,720	64,931
KIVA High School- Discontinued 9/2014	44,511	56,201	50,894	65,300	-					
Long Branch - Academy of Law & Public Safety	18,314	10,944	18,072	29,339	41,852	42,222	76,297	39,992	47,999	36,184
Marine Academy of Science & Technology	98,460	119,403	139,880	174,471	53,395	76,062	109,845	91,505	88,510	68,490
CLASS Academy (moved out of Nep Annex 9/2014)					61,653	61,865	65,900	50,978	58,004	49,840
SHARED TIME										
Aberdeen Vocational Building	6,689	5,200	37,628	23,507	17,790	51,803	57,361	38,400	39,260	30,698
Culinary Education Center	71,808	77,390	81,555	125,848	79,921	78,137	120,059	82,956	76,286	69,337
Freehold Vocational Building	15,232	14,998	13,985	36,066	26,098	37,668	60,404	43,882	36,961	32,027
Hazlet Vocational Building	30,534	22,601	25,318	27,846	22,453	33,333	49,201	38,871	49,011	31,410
Keyport Vocational Building	6,330	7,968	26,423	259,082	23,066	32,097	73,393	35,157	38,487	31,777
Middletown Vocational Building	10,357	8,158	15,363	20,867	26,348	34,640	57,884	43,806	49,387	31,804
Totals	609,964	632,305	726,517	1,214,612	941,873	814,499	1,152,619	815,129	894,391	731,999

* 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

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Insurance Schedule - June 30, 2020 (Unaudited)
 New Jersey School Boards Association Insurance Group - Commercial Package Policy Property

PROPERTY		
BLANKET REAL & PERSONAL PROPERTY	\$ 500,000,000	per occurrence NJSIG limit
BLANKET EXTRA EXPENSE	50,000,000	per occurrence NJSIG limit
BLANKET VALUABLE PAPERS AND RECORDS	10,000,000	per occurrence NJSIG limit
DEMOLITION COST/INCREASED COST CONSTR.	25,000,000	per occurrence NJSIG limit
LOSS OF RENTS/BUSINESS INCOME/TUITION	Not Covered	
LIMITED BUILDERS RISK	10,000,000	per occurrence NJSIG limit
FIRE DEPT SERVICE CHARGE	10,000	per occurrence
ARSON REWARD	10,000	per occurrence
POLLUTANT CLEANUP AND REMOVAL	250,000	per occurrence
FINE ARTS	Not Covered	
SUBLIMITS: SPECIAL FLOOD HAZARD AREA FLOOD ZONES	25,000,000	per occurrence/NJSIG annual aggregate
ACCOUNTS RECEIVABLE	250,000	per occurrence
ALL FLOOD ZONES	75,000,000	per occurrence/NJSIG annual aggregate
EARTHQUAKE	50,000,000	per occurrence/NJSIG annual aggregate
TERRORISM	1,000,000	per occurrence/NJSIG annual aggregate
DEDUCTIBLES:		
REAL PERSONAL	5,000	per occurrence
EXTRA EXPENSE	5,000	per occurrence
VALUABLE PAPERS	5,000	per occurrence
SPECIAL FLOOD HAZARD AREA FLOOD DEDUCTIBLES:	500,000	per building
	500,000	per building contents
ALL OTHER FLOOD ZONES FLOOD DEDUCTIBLE:	10,000	per member/per occurrence
ELECTRONIC DATA PROCESSING		
HARDWARE/SOFTWARE	5,000,000	per occurrence
EXTRA EXPENSE	Included	
COVERAGE EXTENSIONS: TRANSIT	25,000	
COMPUTER VIRUS	250,000	per occurrence NJSIG \$10MIL aggregate
TERRORISM	Included in Property	
DEDUCTIBLE	1,000	per occurrence
SPECIAL FLOOD HAZARD AREA FLOOD DEDUCTIBLES:	500,000	per building contents
ALL OTHER FLOOD ZONES FLOOD DEDUCTIBLE:	10,000	per member/per occurrence
EQUIPMENT BREAKDOWN		
COMBINED SINGLE LIMIT PER ACCIDENT FOR		per member/per occurrence
PROPERTY DAMAGE AND BUSINESS INCOME	100,000,000	
SUBLIMITS: PROPERTY DAMAGE	Included	
OFF PREMISES PROPERTY DAMAGE	1,000,000	
BUSINESS INCOME	Included	
EXTRA EXPENSE	10,000,000	
SERVICE INTERRUPTION	10,000,000	
PERISHABLE GOODS	1,000,000	
DATA RESTORATION	1,000,000	
CONTINGENT BUSINESS INCOME	1,000,000	
DEMOLITION	1,000,000	
ORDINANCE OR LAW	1,000,000	
EXPEDITING EXPENSES	1,000,000	
HAZARDOUS SUBSTANCES	1,000,000	
NEWLY ACQUIRED LOCATIONS (120 DAY NOTICE)	1,000,000	
TERRORISM	Included	
DEDUCTIBLES: PER ACCIDENT PROPERTY DAMAGE	5,000	
12 HOURS FOR INDIRECT COVERAGES		
SERVICE INTERRUPTION WAITING PERIOD 24 HRS		
CRIME		
PUBLIC EMPLOYEE DISHONESTY W/FAITHFUL PERFORMANCE	100,000	\$1,000 deductible
THEFT, DISAPPEARANCE AND DESTRUCTION-LOSS OF MONEY & SECURITIES ON & OFF PREMISES	10,000	\$ 500 deductible
THEFT, DISAPPEARANCE AND DESTRUCTION- MONEY ORDERS & COUNTERFEIT PAPER CURRENCY	10,000	\$1,000 deductible
FORGERY OR ALTERATION	Not Covered	
COMPUTER FRAUD	25,000	\$ 500 deductible
PUBLIC OFFICIALS BOND-SUPERINTENDENT	300,000	\$1,000 deductible
PUBLIC OFFICIALS BOND-BOARD SECRETARY	100,000	\$ 500 deductible

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
Insurance Schedule - June 30, 2020 (Unaudited)
New Jersey School Boards Association Insurance Group - Commercial Package Policy Property

COMPREHENSIVE GENERAL LIABILITY		
BODILY INJURY AND PROPERTY DAMAGE	\$ 16,000,000	per occurrence
BODILY INJURY FROM PRODUCTS & COMPLETED OPERATIONS	16,000,000	annual aggregate
SEXUAL ABUSE	16,000,000	per occurrence
	17,000,000	annual NJSIG aggregate
PERSONAL INJURY & ADVERTISING INJURY	16,000,000	annual occurrence/annual aggregate
EMPLOYEE BENEFIT LIABILITY	16,000,000	annual occurrence/annual aggregate
EMPLOYEE BENEFIT LIABILITY DEDUCTIBLE	1,000	per claim deductible
PREMISES MEDICAL PAYMENTS	10,000	per accident
	5,000	limit per person
TERRORISM	1,000,000	per occurrence/annual NJSIG aggregate
TERRORISM DEDUCTIBLE	Not Applicable	
AUTOMOBILE		
LIABILITY - ALL OWNED AUTOS-BODILY INJURY AND PROPERTY DAMAGE	16,000,000	per accident
UNINSURED/UNDERINSURED MOTORISTS-PRIVATE PASSENGER AUTO	1,000,000	per accident
UNINSURED/UNDERINSURED MOTORISTS-ALL OTHER VEHICLES	15,000	Bodily Injury per person
PROPERTY DAMAGE	30,000	Bodily injury per accident
	5,000	Property Damage per accident
PERSONAL INJURY PROTECTION	250,000	including pedestrians
MEDICAL PAYMENTS	10,000	for private passengers cars
	5,000	for all other vehicles
TERRORISM	1,000,000	per occurrence/annual NJSIG aggregate
DEDUCTIBLE	Not Applicable	
PHYSICAL DAMAGE (SCHEDULED VEHICLES ONLY)		
COMPREHENSIVE	1,000	deductible
COLLISION	1,000	deductible
HIRED CAR PHYSICAL DAMAGE \$110,000 LIMIT	1,000	deductible
REPLACEMENT COST	Not Covered	
GARAGE KEEPERS		
	Included	
FEDERAL INSURANCE CO. (CHUBB) - TEMPORARY TOTAL DISABILITY EXCESS WORKERS COMP.		
MAXIMUM BENEFIT	2,500	per week
MAXIMUM PERIOD	52	weeks
NJ SCHOOL BOARDS ASSOC. INSURANCE GROUP-WORKERS COMPENSATION		
LEGAL REQUIREMENTS	3,000,000	each accident
	3,000,000	each employee
	3,000,000	aggregate limit
GREAT AMERICAN INSURANCE COMPANY OF NEW YORK - HULL POLICY		
HULL	179,000	\$5,000 deductible
HULL P & I	1,000,000	\$1,000 deductible for BI, \$5,000 for PD
PROSIGHT SPECIALTY INSURANCE - EXCESS INDEMNITY FOR VESSEL		
EXCESS PROTECTION & INDEMNITY/EXCESS COLLUSION LIABILITY	20,000,000	
NJ SCHOOL BOARDS ASSOCIATION INSURANCE GROUP- SCHOOL LEADERS		
ERRORS AND OMISSIONS		
COVERAGE A		
LIMIT OF LIABILITY	15,000,000	each policy period
DEDUCTIBLE	5,000	each claim
COVERAGE B		
LIMIT OF LIABILITY	100,000	each claim
	300,000	each policy period
	5,000	each claim retro to 7/1/86

SINGLE AUDIT SECTION

550 BROAD STREET, 11TH FLOOR
NEWARK, N.J. 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

Exhibit K-1
Sheet 1 of 2

**INDEPENDENT AUDITOR'S 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
Monmouth County Vocational School District
County of Monmouth, New Jersey

We have audited, in accordance with the 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 audit requirements as prescribed by the Office of School Finance Department, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monmouth County Vocational School Board of Education, (a component unit of the County of Monmouth), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Monmouth County Vocational Board of Education's basic financial statements, and have issued our report thereon dated February 4, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Monmouth 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 Monmouth County Vocational School 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 in internal control over compliance* is a deficiency, or 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 in internal control over compliance* 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

**INDEPENDENT AUDITOR'S 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 (CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of the Monmouth County Vocational School District's (a component unit of the County of Monmouth) financial statements are free of 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 basic 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, and federal and state awarding agencies and pass-through entities in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
February 4, 2021

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Exhibit K-2
Sheet 1 of 3

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

Report on Compliance for Each Major Federal and State Program

We have audited the Monmouth County Vocational (a component unit of the County of Monmouth) School Board of Education's compliance with the types of compliance requirements described in *the OMB Compliance Supplement* and *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of District's major federal and state programs for the year ended June 30, 2020. The Monmouth County Vocational School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08
(CONTINUED)**

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Monmouth County Vocational (a component unit of the County of Monmouth) School Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Monmouth County Vocational (a component unit of the County of Monmouth) School Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Monmouth County Vocational (a component unit of the County of Monmouth) School Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Monmouth County Vocational (a component unit of the County of Monmouth) School Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08 Compliance Supplement, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Monmouth County Vocational (a component unit of the County of Monmouth) School Board of Education's internal control over compliance.

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

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08
(CONTINUED)**

Purpose of Report

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



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

February 4, 2021
Freehold, New Jersey

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		June 30, 2019	Cash Received	Budgetary Expenditures	Adjustment	Balance
				From	To	(Accounts Receivable)				June 30, 2020 (Accounts Receivable)
U.S. Department of Education										
Passed - Through State Department of Education:										
Special Revenue Fund:										
Title I Part A	84.010	S010A190030	\$ 188,027.00	7/1/2019	- 6/30/2020		\$ 132,314.00	\$ (188,027.00)		\$ (55,713.00)
Title I Part A	84.010	S010A180030	201,168.00	7/1/2018	- 6/30/2019	\$ (70,282.00)	70,282.00			
Title II Part A	84.367	S367A190029	44,511.00	7/1/2019	- 6/30/2020		31,322.00	(44,511.00)		(13,189.00)
Title II Part A	84.367	S367A180029	43,861.00	7/1/2018	- 6/30/2019	(15,401.00)	15,401.00			
Title IV Part A	84.424	S424A190031	11,743.00	7/1/2019	- 6/30/2020		4,208.00	(11,682.70)	\$ (0.30)	(7,475.00)
IDEA	84.027	H027A190100	233,462.00	7/1/2019	- 6/30/2020		164,288.00	(233,462.00)		(69,174.00)
IDEA	84.027	H027A180100	233,449.00	7/1/2018	- 6/30/2019	(81,975.00)	81,975.00			
Carl D. Perkins Secondary	84.048	V048A190030	408,604.00	7/1/2019	- 6/30/2020		391,295.00	(401,859.80)	(0.20)	(10,565.00)
Carl D. Perkins Secondary Reserve	84.048	V048A180030	98,393.00	7/1/2019	- 6/30/2020		76,743.00	(98,393.00)		(21,650.00)
Passed-Through Brookdale (Monmouth)										
Community College										
Adult Basic Education	84.002A	N/A	60,000.00	7/1/2019	- 6/30/2020		29,975.46	(42,869.95)		(12,894.49)
Adult Basic Education	84.002A	N/A	50,000.00	7/1/2018	- 6/30/2019	(9,661.95)	9,661.95			
Total Special Revenue Fund						\$ (177,319.95)	\$ 1,007,465.41	\$ (1,020,805.45)	\$ (0.50)	\$ (190,660.49)

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Federal FAIN Number	Program or Award Amount	Grant Period		June 30, 2019 (Accounts Receivable)	Cash Received	Budgetary Expenditures	Adjustment	Balance June 30, 2020 (Accounts Receivable)
				From	To					
U.S. Department of Agriculture										
Passed-through State Department of Agriculture:										
Enterprise Fund:										
Food Distribution Program	10.555	191NJ304N1096	\$ 1,135.40	7/1/2019	6/30/2020		\$ 1,135.40	\$ (1,135.40)		
School Breakfast Program	10.553	181NJ304N1099	1,093.89	7/1/2019	6/30/2020		1,093.89	(1,093.89)		
School Breakfast Program	10.553	191NJ304N1099	3,060.77	7/1/2018	6/30/2019	\$ (291.15)	291.15			
National School Lunch Program	10.555	181NJ304N1099	4,765.47	7/1/2019	6/30/2020		4,765.47	(4,765.47)		
National School Lunch Program	10.555	191NJ304N1099	5,706.64	7/1/2018	6/30/2019	(488.38)	488.38			
Total Enterprise Fund						\$ (779.53)	\$ 7,774.29	\$ (6,994.76)		
Trust and Agency fund:										
Title IV Student Financial Aid:										
Pell Grant Program	84.063	N/A	\$ 95,216.00	9/1/2019	8/31/2020		\$ 95,216.00	\$ (95,216.00)		
Federal Family Education Loan Program	84.268	N/A	241,276.00	9/1/2019	8/31/2020		241,276.00	(241,276.00)		
Cares Act	84.825	5938C1805	60,651.00	3/13/2020	9/30/2020		60,651.00	(60,651.00)		
Total Trust and Agency Fund							\$ 397,143.00	\$ (397,143.00)		
Total Federal Financial Assistance						\$ (178,099.48)	\$ 1,412,382.70	\$ (1,424,943.21)	\$ (0.50)	\$ (190,660.49)

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Exhibit K-4
Schedule B
Sheet 1 of 2

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2019		Cash Received	Budgetary (Expenditures)	Adjustments	Balance, June 30, 2020		MEMO	
				(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund:												
Categorical Special Education Aid	20-495-034-5120-089	\$ 1,572,980.00	7/1/2019 - 6/30/2020			\$ 1,572,980.00	\$ (1,572,980.00)			\$ 155,734.00	\$ (1,572,980.00)	
Equalization Aid	20-495-034-5120-078	4,005,057.00	7/1/2019 - 6/30/2020			4,005,057.00	(4,005,057.00)			396,370.00	(4,005,057.00)	
Categorical Security Aid	20-495-034-5120-084	208,928.00	7/1/2019 - 6/30/2020			208,928.00	(208,928.00)			20,603.00	(208,928.00)	
Vocational Expansion Aid	20-495-034-5120-2095	766,863.00	7/1/2019 - 6/30/2020			766,863.00	(766,863.00)			75,978.00	(766,863.00)	
Adjustment Aid	20-495-034-5120-085	1,568,727.00	7/1/2019 - 6/30/2020			1,568,727.00	(1,568,727.00)			155,252.00	(1,568,727.00)	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	1,490,000.03	7/1/2019 - 6/30/2020			1,416,350.56	(1,490,000.63)		\$ 73,650.07		(1,490,000.63)	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	1,462,097.65	7/1/2018 - 6/30/2019	\$ (75,570.40)		75,570.40						
On-behalf TPAF - Pension	20-495-034-5094-002	4,150,228.00	7/1/2019 6/30/2020			4,150,228.00	(4,150,228.00)				(4,150,228.00)	
On-behalf TPAF - Post Retirement Medical	20-495-034-5094-001	1,539,659.00	7/1/2019 6/30/2020			1,539,659.00	(1,539,659.00)				(1,539,659.00)	
On-behalf TPAF - Non Contributory Insurance	20-495-034-5094-004	2,960.00	7/1/2019 6/30/2020			2,960.00	(2,960.00)				(2,960.00)	
Total General Fund				\$ (75,570.40)		\$ 15,307,322.96	\$ (15,305,402.63)		\$ 73,650.07	\$ 648,685.00	\$ (15,305,402.63)	
Special Revenue Fund:												
Apprenticeship Coordinator Program	01-12-0113	\$ 21,221.00	7/1/2019 6/30/2020			\$ 20,919.68	\$ (20,919.68)				\$ (20,919.68)	
Apprenticeship Coordinator Program	01-13-0113	21,222.00	7/1/2018 6/30/2019	\$ (2,744.00)		2,744.00						
Carl D. Perkins Post Secondary State	20-100-034-5062-032	119,880.00	7/1/2019 6/30/2020			118,903.48	(118,903.48)				(118,903.48)	
County Vocational Competitive Aid	19-100-034-5062-247	509,379.00	3/1/2016 6/30/2019	(106,585.62)		106,586.00		\$ (0.38)			(479,954.62)	
Total Special Revenue Fund				\$ (109,329.62)		\$ 249,153.16	(139,823.16)	\$ (0.38)			\$ (619,777.78)	

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

**BOARD OF EDUCATION
MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Exhibit K-4
Schedule B
Sheet 2 of 2

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	June 30, 2019		Cash Received	Budgetary (Expenditures)	Adjustments	Balance, June 30, 2020		MEMO	
				(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Agriculture												
Enterprise Fund:												
State School Lunch Program	20-100-010-3350-023	\$ 127.12	7/1/2019 - 6/30/2020			\$ 93.07	\$ (127.12)		\$ (34.05)			\$ (127.12)
State School Lunch Program	19-100-010-3350-023	130.79	7/1/2018 - 6/30/2019	\$ (10.79)		10.79						
Total Enterprise Fund				\$ (10.79)		\$ 103.86	\$ (127.12)		\$ (34.05)			\$ (127.12)
Total State Financial Assistance				\$ (184,910.81)		\$ 15,556,579.98	\$ (15,445,352.91)	\$ (0.38)	\$ 73,616.02		\$ 648,685.00	\$ (15,925,307.53)
Less on-behalf TPAF:												
Pension	20-495-034-5094-002						\$ 4,150,228.00					
Post-Retirement Medical	20-495-034-5094-001						1,539,659.00					
Non Contributory Insurance	20-495-034-5094-004						2,960.00					
Total for State Assistance Major Program							\$ (9,752,505.91)					

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Monmouth County Vocational School District, a component unit of the County of Monmouth. The information in this Schedule is presented in accordance with the requirements of Title 2, US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. The Board of Education is defined in Note 1 (A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2, US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A.18A:22-4.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two (2) (of twenty (20)) state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A.18A:22-4.2.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

There was no change in the General Fund revenue from the budgetary basis to the GAAP. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented are as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 15,305,402.63	\$ 15,305,402.63
Special Revenue	\$ 1,020,805.45	139,823.16	1,160,628.61
Enterprise - Food Service	6,994.76	127.12	7,121.88
Trust and Agency -			
Pell	95,216.00		95,216.00
Stafford	<u>301,927.00</u>		<u>301,927.00</u>
	<u>\$ 1,424,943.21</u>	<u>\$ 15,445,352.91</u>	<u>\$ 16,870,296.12</u>

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.

5. FEDERAL AND STATE LOANS OUTSTANDING

The District had no federal or state loans outstanding.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contribution and Post-Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on-behalf of the District. These expenditures are not subject to New Jersey OMB Circular 15-08 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of State Financial Assistance, as directed by the funding agency.

7. INDIRECT COSTS

The district did not use the 10% di minimus indirect cost rate.

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified, dated February 4, 2020

Internal control over financial reporting:

1. Material weakness(es) identified? yes X no
2. Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal control over major programs:

1. Material weakness(es) identified? yes X no
2. Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated February 4, 2020

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.048</u>	<u>Perkins</u>
<u>84.027</u>	<u>IDEA</u>
<u>84.268</u>	<u>Federal Direct Student Loans</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.00

Auditee qualified as low-risk auditee? X yes no

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

State Financial Assistance

Dollar threshold used to distinguish between type A and type B Programs: \$750,000.00

1. Auditee qualified as low-risk auditee? X yes no

Type of auditor's report issued on compliance for major programs: Unmodified, dated
February 4, 2020

Internal Control over major programs:

1. Material weakness(es) identified? Yes X no

2. Significant deficiency(ies) identified that are not considered to be material weakness(es): yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? yes X no

Identification of major programs:

<u>GMIS Number</u>	<u>Name of State Program</u>
<u>20-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>20-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>20-495-034-5120-085</u>	<u>Adjustment Aid</u>
<u>20-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contribution</u>

Section II - Schedule of Financial Statement Findings

None

**Section III - Schedule of State Financial Assistance
Findings and Questioned Costs**

None

MONMOUTH COUNTY VOCATIONAL SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF MONMOUTH)
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FOR THE YEAR ENDED JUNE 30, 2019:

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