

MIDDLESEX COUNTY VOCATIONAL AND TECHNICAL HIGH SCHOOLS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021



**The Board of Education of the Vocational
and Technical High Schools
County of Middlesex, New Jersey**

Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

**Middlesex County
Vocational and Technical High Schools
East Brunswick, New Jersey**

Prepared by

Business Office

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Introductory Section

Administrative Offices

BOARD OF EDUCATION OF THE VOCATIONAL SCHOOLS IN THE COUNTY OF MIDDLESEX

112 Rues Lane P.O. Box 1070 East Brunswick, N.J. 08816-1070 Telephone (732) 257-3300 Fax: (732) 390-4252

Keith Jones II, President

Robert P. Mooney, Interim Superintendent

March 7, 2022

Honorable President and
Members of the Board of Education
Middlesex County Vocational and Technical Schools
112 Rues Lane
East Brunswick, NJ 08816

Dear Board Members and Constituents:

The *annual comprehensive financial report* of the Middlesex County Vocational and Technical Schools ("District") for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Middlesex County Vocational and Technical Schools Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter (designed to complement management's discussion and analysis and should be read in conjunction with it), the District's organizational chart, a list of principal officials, and independent auditors and advisors. The financial section includes management's discussion and analysis (immediately following the independent auditor's report), the Independent Auditors' report, basic financial statements, required supplementary information, and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 as amended and the Federal Uniform Guidance and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on internal control over compliance 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.*

Middlesex County Vocational and Technical Schools is an *independent reporting entity* within the criteria established by GASB Statement No. 14. The Middlesex County Vocational and Technical Schools Board of Education and all its schools constitute the District's reporting entity.

The District provides a *full range of educational services* appropriate to grade levels 9 through 12 and post secondary. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2020-21 fiscal year with an enrollment of 2,578 students.

Campuses located at
Edison East Brunswick Perth Amboy Piscataway Woodbridge



(2) Economic Condition and Outlook.

Middlesex County, located in the heart of Central New Jersey, has always thrived by virtue of its prime location as a corridor county. The County covers 3,092 square miles and is the 12th largest county in New Jersey. While economic conditions have slowed down due to the pandemic health emergency, it is our belief that Middlesex County will be in a good position to rebound given all of its industry resources as the health crisis fades.

Within its roots in manufacturing Middlesex has slowly “diversified” over time. Industries such as health care, education, professional services, and retail trade hold a higher stake in the local economy. From 2014 to 2024, Middlesex County is projected to have the largest net growth (+33,700) in jobs and the second most annual average job openings (+8,400) in New Jersey. Middlesex County is projected to experience a large total percentage growth in employment over the ten year period than the state (+8.0% vs. 6.5%, respectively).

In 2020, the Census Bureau estimated the county's population at 863,162, making it the state's second-most populous county with an increase of 6.6% from 809,925 in the 2010 census. Median household income and property value were not available for 2021 so 2019 data was used. Middlesex County has a median household income of \$93,418 and a median property value that has increased to \$359,000. As economic conditions improve after the health emergency these statistics will continue to grow.

(3) Major Initiatives.

The development of new and the upgrade of existing career and technical programs continue to be at the forefront of all the District's initiatives. The combination of research, curriculum development, and capital planning has become the foundation for the introduction of new programs throughout the district. Advanced manufacturing, global logistics, multi-media, music performance and technology, and arts technology continue to be a success with waiting lists for most programs. Having successfully completed the addition of a brand new state of the art music studio, the district will turn its attention to the performing arts career cluster as a whole. The District is currently renovating the East Brunswick auditorium which will happen in several phases. The renovations include updating several operating systems (lighting, rigging, etc.), adding new dressing rooms, staging areas, and a workshop. The conversion to a true theater experience will benefit all of our performing arts programs. The District introduced two new career majors at the start of the school year for 2021 in Piscataway: finance and physical therapy/exercise science. Finance has a concentration on banking and investing. Physical therapy/exercise science may lead to careers in rehabilitation, athletic training or personal training. Through capital funding and Carl Perkins program funding we also continue to upgrade shop equipment. It is always our objective to train student on current technologies and state of the art equipment.

Our commitment to technology has remained steadfast as we make advances throughout the District. During the health emergency technology has never been more important. The District operated on a hybrid plan during the 2020-21 school year: remote for academic classes and in person for career education classes. The use of digital platforms from zoom, Microsoft, and google were used to provide virtual instruction and to conduct the business of education in a safe and efficient manner. Our prior investment in Google classroom has played a vital role as we continue to navigate the health crisis. Google classroom has provided a management tool for instructors to access and work more collectively with the students in a digital format. The platform enables digital learning both inside and outside the classroom. Instructionally we continue to expand the integration of technology into our classrooms and shops. Continuing to add and update computer based projection systems and large screen monitors supported with document cameras and tablets have significantly enhanced our instructional efforts in the classroom. We also continue to expand the chrome book inventory at all of our campuses. Beginning with the 2021-22 school year the District implemented a one to one student chrome book program. Because of their reasonable cost, the district can be more efficient with regard to getting technology into the hands of the students. The devices provide textbooks, instructional materials, and organizational software for help within the classroom as well

as access to instructional programs and resources outside the classroom. Updating desktops, laptops, and software continues to be a focus where virtual instruction has become a necessary priority in the academic areas and throughout the career and technical programs.

Our Academy model also continues to thrive within the district. Middlesex County Vocational and Technical Schools has been successfully maintaining two Academies over the past decade. Both the Academy for Science, Mathematics, and Engineering and the Academy for Allied Health and Biomedical Sciences have been recognized as National Blue Ribbon Schools and continue to be listed by the US News and World Reports among the best high schools in the Country. This recognition of the academic success of our students along with the hard work of our teachers is a testament to the positive occurrences happening at the Academies on a daily basis. The Academies provide students with a small learning community that will focus on college preparation. Technology labs foster hands-on applied learning, while rigorous and relevant academy courses are integrated into the career majors. Some of the colleges the class of 2021 will be attending are as follows:

• Brown University	• Ohio State University
• Carnegie Mellon University	• Penn State University
• Cornell University	• Perdue University
• Drexel University	• Rutgers University
• Fordham University	• Seton Hall University
• John Hopkins University	• Stevens Institute of Technology
• NC State University	• Temple University
• NJIT	• Texas A&M University
• NYU	• The College of New Jersey
• Northeastern University	• Tulane University

In spite of the difficult challenges related to the health emergency the district continues to emphasize the vitality of our Adult Education programs. While the District has always provided apprentice, trade certificate programs, and community enrichment programs, the adult school is always exploring all post-secondary options. The District offers certificated programs in the area of HVAC, Electrical Technology, and, Plumbing Technology in addition to cosmetology and license practical nursing. These programs offer an affordable educational alternative to adults that are looking for new career opportunities.

The practical measure of success for a career and technical school, however, is the appropriate placement of students in jobs. This is a fundamental element of success because it validates the vocational-technical experience. Fortunately, in this most important criterion, Middlesex County Vocational and Technical High School *excels*. This year's report included demographic data of 474 students who completed their education in 2020. Our overall percentage for job placement in 2020 was 99%. Job placement in all trades for which the students were trained was 89%. Also noteworthy is the fact that 73% of our regular education and 39% of our career development students extended their education upon graduation from our District by enrolling in colleges and nursing schools. Graduates of the high school and special programs were employed by a total of 123 firms with 95% of those firms located in Middlesex County. *Clearly, these statistics indicate success in both vocational and academic program – which when combined – culminate in the practical success of securing employment!*

(4) Internal Accounting Controls.

Management of the District is responsible for establishing and maintaining an internal control environment 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 environment is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that an adequate internal control environment is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control environment 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 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 controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended, for the fiscal year is reflected in the financial section.

An *encumbrance accounting 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance at June 30, 2021.

(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. As required by GASB 34, the annual comprehensive financial report reflects activity for the fiscal year ended June 30, 2021 to include the Basic Financial Statements and Management's Discussion and Analysis. The Basic Financial Statements present information on two separate sets of financial statements. The District-wide statements reflect the District's activities as a whole on the full accrual basis of accounting. The Fund financial statements present the District's activities on an individual fund basis.

(7) Cash Management.

The investment policy of the District is guided in large part by State Statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

(8) Risk Management (Insurance).

The Board carries various forms of insurance, including but not limited to general liability, automotive liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

Other Information.

(A) Independent Audit

State statutes require an annual audit by independent, certified public accountants or registered municipal accountants. The accounting firm of PKF O'Connor Davies, LLP, was selected by the Board finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, as amended and the Federal Uniform Guidance and the State Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements 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.

(B) Awards and Recognition

Certainly the most important focus of this District is its students. The students have received numerous awards and recognition through a variety of events and activities that are clearly characterized by their diversity and impact:

- The Academy for Science, Mathematics and Engineering Technologies and the Academy for Allied Health and Biomedical Sciences were ranked in the Top 10 among New Jersey public High Schools and the Top 100 nationwide by the U.S. News and World Report's annual Best High School rankings. This is the 13th consecutive recognition by U.S. News and World Report.
- Middlesex County Vocational and Technical Schools earned a place on the College Boards' 10th Annual Advancement Placement Honor Roll. This was the 8th consecutive year that the School District had received this recognition.
- East Brunswick was awarded bronze level certification by Sustainable Jersey for Schools.
- Thirty-seven students from the District were selected as 2021 National Merit Scholarship Finalists, four were semi-finalists, and thirty-three others were recognized and commended students.
- Several students from the District received awards from the Scholastic Art and Writing awards.
- The Academy for Science, Mathematics and Engineering Technologies Olympiad team won eleven medals and placed 9th overall out of 120 teams at the Science Olympiad Invitational. They also won six medals and placed 13th overall out of 81 teams at the S.O.A.P.S Science Olympiad.
- Culinary Arts students from Perth Amboy participated in a community service program called the "The Learning Garden" with the local hospital to provide a vegetable garden. The items grown were given to the Perth Amboy Senior Center.
- The District donated foods to the Middlesex County Emergency Food Organization and Outreach Distribution Services' (M.C.F.O.O.D.S) 2021 School Food Drive.

- Middlesex County Vocational and Technical School's Practical Nursing Program earned a 94% passing rate on the National Council Licensure Examination (NCLEX). This outstanding achievement supports the overall rigor of the practical nursing program and the dedication and commitment of an excellent faculty. The National Council of State Boards of Nursing disseminates National Council Licensure Examination results to schools of nursing on a semi-annual basis. The report ranks a nursing program based on their graduates' performance on the licensure exam.
- The East Brunswick FFA chapter had won nineteen ribbons including five first place winners at the annual State FFA Horticulture Exposition and Floral Design Contest.
- Several students from East Brunswick and East Brunswick Career Development, Piscataway, and Perth Amboy participated in the 2021 NJ State Skills USA Competition. East Brunswick and East Brunswick Career development finished with four medals and three students qualified to compete at Nationals. Piscataway finished with three medals and Perth Amboy with one medal.
- Students from the Academy for Allied Health and Biomedical Sciences participated in the Virtual 2021 New Jersey State HOSA Leadership conference and forty-five students placed as medalists.
- Various players for various sports were named as GMC Scholar Athletes and received Sportsmanship Awards. Nine players received the prestigious N.J.S.I.A.A Scholar Athlete Award.
- Seven students from East Brunswick Career Development participated in the Virtual 2021 DECA State Competition and six students received awards.
- The East Brunswick Music Technology and Performance students produced and delivered their 2nd Annual Music Showcase virtually on YouTube. It featured twenty pieces and were recorded and filmed in their studio.
- Numerous special project grants, which total over \$3.4 million, comprise another dimension of the awards and recognition received by the District over the 2020-21 year. This represents a tribute to the administration and staff that work extremely hard to compete for and maintain this level of grant award, year after year.

(9) Acknowledgements.

We would like to express our appreciation to the members of the Middlesex County Vocational and Technical Schools Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the County 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 administrative staff.

Respectfully submitted,

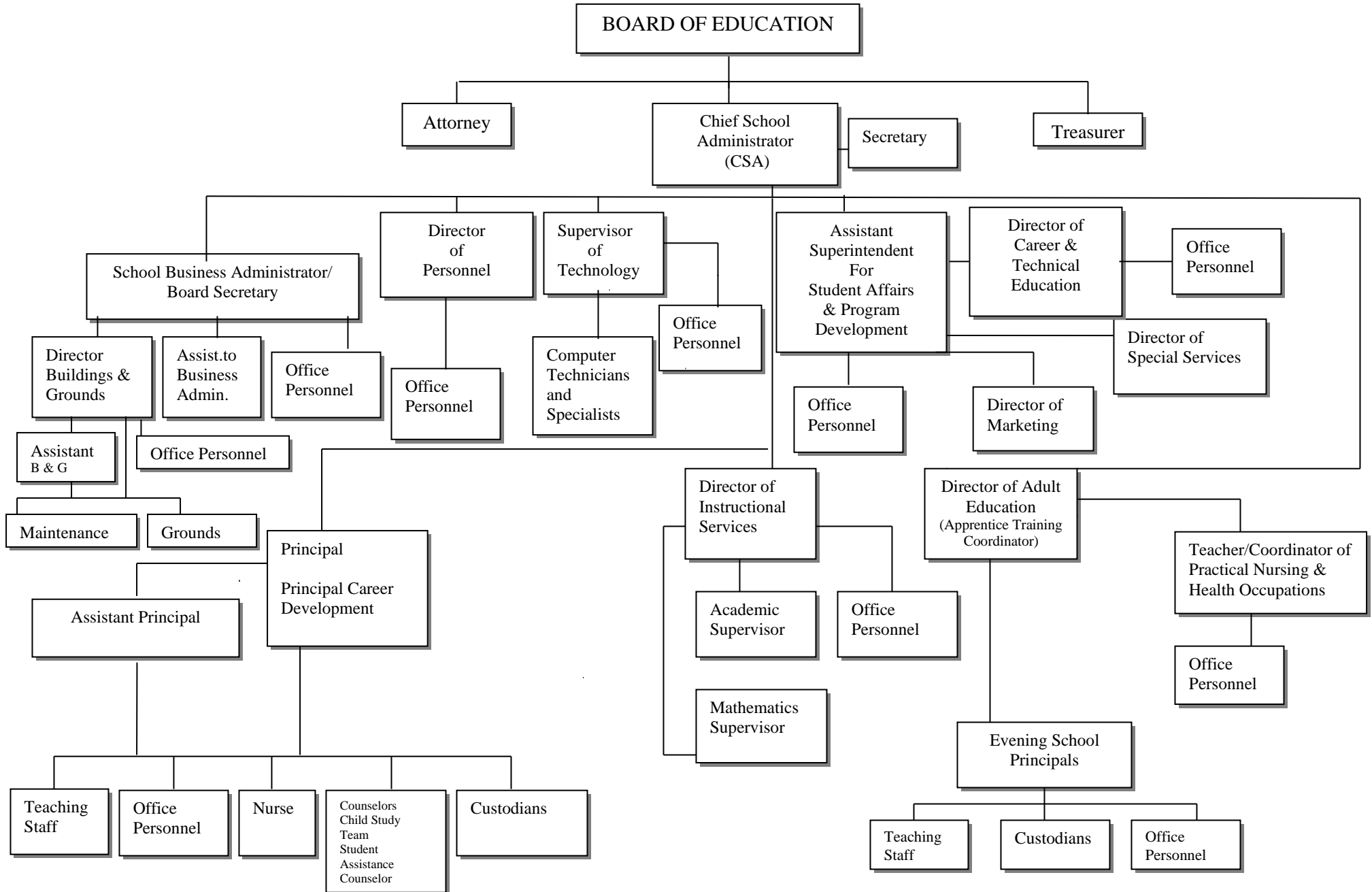


Robert P. Mooney
Interim Superintendent



Karl J. Knehr, CPA
Board Secretary/Business Administrator

Middlesex County Vocational and Technical High Schools
ORGANIZATIONAL CHART
June 30, 2021



The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey

Roster of Officials

June 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Keith Jones II, President	2022
Ms. Laura Czarneski, Vice President	2023
Mr. Eugene J. Mullen III, Board Member	2021
Ms. Karen Eastman, Board Member	2024
Mr. Kyle Anderson, Acting County Superintendent of Schools	N/A

Other Officials

Mr. Robert P. Mooney, Interim Superintendent

Mr. Karl J. Knehr, CPA, Board Secretary/Business Administrator

Ms. Francine Thompson, CPA, Assistant Board Secretary/Assistant Business Administrator

Mr. Joseph F. Greco, CPA, Treasurer

Connell Foley LLP, Board Attorney

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey

Independent Auditors and Advisors

Independent Auditors

PKF O'Connor Davies, LLP
20 Commerce Drive, Suite 301
Cranford, New Jersey 07016

Architects

SSP Architectural Group, Inc.
1011 Route 22, Suite 203
Bridgewater, NJ 08807

Attorney

Connell Foley LLP
185 Hudson Street, Suite 2510
Jersey City, NJ 07311

Official Depository

Wells Fargo
New Brunswick Office
George and Church Streets
New Brunswick, New Jersey 08901

Financial Section



Independent Auditors' Report

**The Honorable President and Members
of the Board of Education of the
Middlesex County Vocational and
Technical High Schools
County of Middlesex
East Brunswick, New Jersey**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Middlesex County Vocational and Technical High Schools, County of Middlesex, New Jersey (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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

PKF O'CONNOR DAVIES, LLP
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**The Honorable President and Members
of the Board of Education of the
Middlesex County Vocational and
Technical High Schools**

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design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1R and Note 15 in the notes to financial statements which disclose the effects of the District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, schedule of State's proportionate share of the OPEB liability associated with the District State Health Local Education Retired Employees Plan and budgetary comparison information as presented 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.

**The Honorable President and Members
of the Board of Education of the
Middlesex County Vocational and
Technical High Schools**

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We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and long-term debt schedules and the schedules 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 introductory and statistical sections have 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 them.

**The Honorable President and Members
of the Board of Education of the
Middlesex County Vocational and
Technical High Schools**

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 7, 2022

David J. Gannon

David J. Gannon
Licensed Public School Accountant, No. 2305

Required Supplementary Information – Part I

Management's Discussion and Analysis

THE BOARD OF EDUCATION
OF THE VOCATIONAL AND TECHNICAL HIGH SCHOOLS
COUNTY OF MIDDLESEX
STATE OF NEW JERSEY

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

The following represents the Middlesex County Vocational and Technical High Schools’ (the “District”) discussion and analysis for fiscal year ended June 30, 2021. This document is designed to assist the reader in understanding the presentation format of the basic financial statements and provide an overview of the District’s financial activities. The analysis should aid the users in determining the impact of current year operations on the district’s overall financial position. Please use this discussion in conjunction with the transmittal letter to develop a better understanding of how the District’s operations relate to the financial information presented in this report.

Management’s Discussion and Analysis (MD&A) is an element of Required Supplementary Information and required by the Governmental Accounting Standards Board. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

ANNUAL REPORTING

The Financial section of the Annual Report for the District contains basic financial statements that capture the majority of the District’s financial information for the period covered under this report. These statements along with this analysis, the letter of transmittal and other supplemental information convey a picture of the District’s overall financial health. The basic financial statements consist of two separate and distinct sets of financial statements (Government-wide and fund financial statements) complemented by the notes to the basic financial statements. Both sets of statements provide their own unique perspective on presenting the District’s finances.

GOVERNMENT-WIDE STATEMENTS

The Government-wide statements (pgs. 28-29) represent a look at government financial reporting. The intention of these statements is to provide financial information on the District as a whole rather than on an individual fund basis. This is achieved by consolidating governmental and business type activities on the same statements using the same measurement focus and basis of accounting.

Statement of Net Position: This statement provides a different approach to the traditional balance sheet. The focus is on net position rather than fund balance. In simple terms, net position represent the resources available to the District after all the liabilities have been satisfied.

Assets	+	Deferred Outflow	-	Liabilities	-	Deferred Inflow	=	Net Position
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The statement is presented using the full accrual basis of accounting for both governmental funds and business type funds. It also provides a long-term view by including capital assets and long-term debt within the statements. In the past, these items were reported separately in their own account groups. This integrated concept provides a more complete view of the District’s financial position.

Statement of Activities: The statement of activities is also a departure from the operating statement approach. The emphasis of this statement is on net expenses.

$$\boxed{\text{Expenses}} - \boxed{\text{Program Revenue}} = \boxed{\text{Net Expense}}$$

The statement format presents expenses first, detailed by functional area, then offset by direct program revenue. The idea reinforces the concept that government exists to provide services rather than earn money. This statement also uses the full accrual basis of accounting, separates government and business type activities, and consolidates at the bottom to show the district as a whole. Government activities represent the basic services of education: instruction, guidance, administration, and plant services. Business-type activities reflect the activities of the District's food services which operates similar to a business. The very bottom of the statement includes general revenues and records the changes in net position from one period to another period. General revenues are funds collected that can't be identified with or allocated to specific program activities. This includes items such as property taxes, tuition, and investment earnings.

FUND FINANCIAL STATEMENTS

The fund financial statements (pgs. 30-36) continue where the government-wide financial statements stop. Unlike the government-wide statements, the focus is on the individual funds rather than the broad scope. These statements complement the government-wide statement by providing more detail on the District's operations. Although the majority of these statements reflect a short term view by removing capital assets and non-current liabilities, they provide a closer look at the District's finances by detailing information about the most significant funds. The District maintains three different types of funds: governmental, proprietary, and fiduciary.

Governmental Funds: These statements (pgs. 30-32) are presented on a modified accrual basis of accounting. The statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. They provide detailed activities for the general, special revenue, and capital projects funds.

In order to show relationships with other financial information presented in this report, the fund financial statements for governmental funds contain reconciliation with the government-wide financial statements.

Balance Sheet (pg.30): The total fund balances for all governmental funds are reconciled with the net position of governmental activities on the statement of net position (government-wide statement pg. 33) by adding in capital assets, net of depreciation and long-term liabilities.

Statement of Revenues, Expenditures and Changes in Fund Balance: The net change in fund balance from this statement (pg. 31) is reconciled with change in net position of governmental activities from the statement of activities (government-wide statements pg. 32) on a separate schedule (pg.32). To reconcile to full accrual depreciation expense and compensated absences earned are removed from fund balances. Outlays for capital assets and the repayment of long-term debt are added into the change in fund balance.

Enterprise Fund: The enterprise fund statements reflect the activities of the District's business type services. Currently, the District only operates a food service fund. These statements and the government-wide statements are kept on the same basis of accounting (full accrual) and do not

require a reconciliation. The difference between the statements again is the level of detail provided. This detail enables the reader a more in-depth analysis of enterprise fund activities. The fund financial statements for the enterprise fund includes a statement of net position, statement of revenues, expenses and changes in fund net position, and a statement of cash flows. The format and information presented in these statements (pgs. 33-35) is similar to pre-GASB 34 reports.

Fiduciary Funds: There is one fund in which the District acts as a fiduciary. These funds are held in trust. (pgs. 36). Unlike the governmental and proprietary funds, the fund financial statements are the only place where the fiduciary funds are reported. The fiduciary funds are not included in the government-wide statements because the District cannot utilize these funds for its operations. The District is responsible for ensuring these funds are restricted for their intended purpose. The fund statements include a statement of fiduciary net position.

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 of this report.

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

GOVERNMENT - WIDE FINANCES

Before an appropriate analysis of the financial information presented can be made, an explanation of the basics in vocational and technical school finances is required. Unlike a typical school district that maintains its status as an autonomous agency reporting only to its local school board and the Department of Education, the vocational and technical school is connected to its county government as well. We are considered a component unit of the County of Middlesex under the requirements of GASB 14 and GASB 39. Although the District reports to the State Department of Education, the County of Middlesex provides us with the majority of revenue, appoints our Board members, and approves our budget through the Board of School Estimates. Because of this relationship, the county has the ability to significantly influence the financial policies and philosophy of this District.

There are several differences between the finances of a regular school district and a vocational and technical school district. The most significant difference is the manner in which funds are raised.

Tax Revenue: A regular school district will determine the amount of tax revenue needed to support the budget, set a tax rate, and seek voter approval. Once the budget is approved, the taxes are collected using the local municipality as the collection agent. The vocational and technical school district has a more indirect relationship with regard to tax revenue. What the District refers to as tax revenue is really an appropriation from the county's budget. The county prepares a fiscal budget on a calendar year basis. After considering all their appropriations and revenue from other sources, the county sets a tax rate and collects tax revenue for the entire county budget. The vocational and technical school represents one line on the expenditure side of this budget. This amount will vary from year to year depending on the vocational and technical school district's budgetary needs. However, just because a determination of needs is made, there is no guarantee the vocational and technical school will receive the amount requested. If the county wishes to cut taxes, the vocational and technical school appropriation may be held flat or even reduced in a particular year. To the extent that state aid and other revenue cannot make up the difference, the vocational and technical school is forced to make its own budget reductions to conform to available revenues.

Capital Outlay and Capital Projects: A typical school district will raise taxes and issue long term debt (bond sale) to support its capital outlay and capital projects. The vocational and technical

school supports all its capital expenditures by an appropriation from the county's capital budget. All the funds for this budget are raised through a combination of short term and long-term financing that result in the sale of county bonds. The key element in this equation is that because the debt is retained by the county, they are solely responsible for the payment of these bonds.

Now that we have looked at some of the mechanics in vocational and technical school funding, the results of operations for the current year will be discussed.

The following presents the net position of the governmental activities as of June 30, 2021 and 2020:

	June 30, 2021	June 30, 2020 (Restated)
	District Totals	District Totals
Current and other assets	\$ 12.0	\$ 13.3
Capital assets	86.9	83.1
Total assets	<u>98.9</u>	<u>96.4</u>
Pension Deferrals	<u>2.0</u>	<u>2.3</u>
Current and other liabilities	3.8	2.8
Long-term liabilities	<u>25.5</u>	<u>28.1</u>
Total liabilities	<u>29.3</u>	<u>30.9</u>
Pension Deferrals	<u>5.3</u>	<u>5.2</u>
Net position		
Invested in capital assets	73.7	72.7
Restricted	6.8	4.1
Unrestricted	<u>(14.2)</u>	<u>(14.2)</u>
Total net position	<u>\$ 66.3</u>	<u>\$ 62.6</u>

An examination of Table 1 indicates significant increases in assets resulting in an overall increase of \$3.7 million in net position for 2020-21 fiscal year. Capital assets increased with the completion of several new projects as current and other assets decreased with payments made on the projects. Long term debts from lease purchases agreements continue to be paid down. Pension deferrals continue to fluctuate as pension liability is calculated by the state's actuaries.

Table 2 offers a closer look at the \$(14.2) million in unrestricted net position:

Table 2
Unrestricted Net Position
As of
(In Millions)

Unrestricted net position from:

Encumbrances	\$	0.9
Designated in subsequent year		0.8
Unfunded compensated absences		(1.1)
Pension liability		(15.7)
Results from operations		0.9
 Total	 \$	 <u><u>(14.2)</u></u>

Encumbrances: Encumbrances are used to record outstanding purchase commitments for the District on a perpetual basis. As ordered items are received and services are rendered throughout the school year, encumbrances are invoiced and eventually paid. Open encumbrances at year end represent the value of outstanding purchase commitments as of June 30, 2021. These amounts are recorded in unrestricted net position and re-appropriated in next year’s budget.

Designated in subsequent year: This value represents the estimated amount of fund balance that was allocated to support the 2021-2022 budget. The annual school budget is prepared and adopted prior to the start of the new fiscal year (July 1, 2021).

Compensated Absences: Compensated absences consist of unused sick and personal days, which accumulate for every employee on an annual basis. Although the cost of these days is recorded as an expense when earned, the actual payout is only made upon the employee’s retirement. If an employee leaves the district before retirement, the days are forfeited. The rate for accumulated sick and personal days is determined by contract. The current portion of this liability is also funded through the annual school budget.

Pension Liability: This amount represents the District’s proportionate share of its net pension liability in the State’s Public Employees’ Retirement System, which is a multiple employer’s cost sharing plan.

As demonstrated by Table 2, Pension liability and compensated absences are recorded as a reduction against unrestricted net position. This is significant when you consider that encumbrances and the amount designated in the subsequent year are expected to be expended, leaving only the results from operations to be offset against these deficits. The long-term outlook of the full accrual basis requires that these items be recorded as long-term liabilities. It is important to note that since these debts only encumber resources without an offsetting asset, they are netted against the District's unrestricted net position.

The question now becomes what impact does this have on the District's finances and its ability to operate? In two words or less: very little. In its simplest terms, the deficit represents the funds required to satisfy these long-term liabilities should the District cease its operations tomorrow. Although a number of net position remain encumbered, the sale of any capital assets would more than satisfy these debts should the vocational and technical school close its doors. Since the District's operations will not be suspended (and its assets unavailable to satisfy this debt) - these debts are technically considered unfunded. Then how will they be paid? As discussed previously, the current portion of these debts are satisfied through the district's annual operating budget. Based upon this, you may consider these debts funded: funded on an annual basis by the budget rather than accumulated unrestricted net position.

Another question that can be raised in this: why not accumulate enough unrestricted net position through operations to offset these debts completely and have some left over for emergencies? The answer lies in fiscal philosophy and policies of Middlesex County. The County of Middlesex remains conservative in its budget practices. Keeping the County tax rate affordable for its citizens while maintaining quality services is always the emphasis of the budget process. As a major component of the County's budget, this philosophy has a "spill down" affect. The vocational and technical school is encouraged to request only what it absolutely needs and is required to appropriate any accumulated unassigned surplus (net position) maintained at the fiscal year's end. The work does not stop at the end of the budget approval cycle. Expenditures and revenues must be closely monitored throughout the school year. Overruns and short falls need to be accounted for to ensure a positive outcome for operations at year end. The District's management believes these practices promote a fiscally responsible attitude and are key to remaining operationally sound.

Table 3 (Change in Net Position) provides a comparison in the change in net position between the two fiscal years.

Table 3
Change in Net Position
Governmental Activities
For the Year Ended
(In Millions)

	June 30, 2021	June 30, 2020
Revenues:		
Program Revenues:		
Federal and state grants	\$ 3.1	\$ 2.3
General revenues		
Property taxes	26.8	26.8
Federal and state aid, not restricted	24.7	19.6
County capital contribution	3.5	3.1
Other general revenues	1.4	1.6
Total revenues	<u>59.5</u>	<u>53.4</u>
Functions/Program Expenses:		
Instruction		
Regular	10.6	9.7
Other special instruction	0.2	0.2
Vocational	13.1	12.1
Other instruction	0.9	0.9
Support Services		
Student and instruction related services	7.1	6.3
General administrative services	1.9	1.5
School administrative services	4.8	4.5
Plant operations and maintenance	8.9	8.9
Pupil transportation	0.1	0.2
Business and other support services	2.7	2.4
Special Schools	1.9	1.7
Interest Expense	0.3	0.2
Unallocated depreciation	3.3	3.3
Total expenses	<u>55.8</u>	<u>51.9</u>
Increase (Decrease) in Net Position	<u>\$ 3.7</u>	<u>\$ 1.5</u>

Table 3 illustrates that both revenue and expenses increased. While both revenues and expenses increased the District did see a \$2.2 million increase in its net position. The disparities between fiscal years were all connected to the district recording activity related to postemployment medical benefits and pension payments made by State of New Jersey on behalf of the District's current and retired employees. After and examination of the most recent available New Jersey state pension records, the district needed to record an addition in on-behalf state aid with a corresponding addition in expense allocated throughout the expenditure budget. With the state supporting all of the cost associated with these transactions, the post-employment medical and pension benefits have very little effect on the District's financial position. The actual increase in net position was the result of an increase in state aid and federal grants. Some expenses were also lower than anticipated. The district also experienced unanticipated savings in the areas of utilities and health benefits.

Business activities represent the results from the District’s food service program. Table 4 reflects the change in net position for these activities.

Table 4
Change in Net Position
Business-Type Activities
For the Year Ended
(In Thousands)

	June 30, 2021	June 30, 2020
Program Revenues:		
Charges for services	\$ 3.8	\$ 170.6
Federal and state reimbursement program	<u>708.1</u>	<u>362.7</u>
Total revenue	<u>711.9</u>	<u>533.3</u>
Functions/Programs:		
Food Services	<u>569.6</u>	<u>690.1</u>
Total expenses	<u>569.6</u>	<u>690.1</u>
(Decrease) Increase in net position	<u>\$ 142.3</u>	<u>\$ (156.8)</u>

The food service program is run by the Aramark Corporation. Aramark is a food service management company and its relationship with the District has existed for over 30 years. While the District’s management works as an oversight and retains final responsibility, Aramark is responsible for the daily operations. Under their supervision, the cafeteria operations has remained efficient over the years. For the 2021 fiscal year, operating revenues increased with the number of reimbursable meals claimed. During the health emergency the School District operated on the seamless summer option throughout the school year. Students had attended school on a hybrid schedule where they came in every other day. Students were given breakfast in the morning. At the end of the school day students were given lunch for the current day and breakfast and lunch for the next day. This federal program provides reimbursement for all meals distributed at the established free lunch rate. The School district expenses were much lower than the previous year as the cafeterias’ were not open fully and only incurred certain food service expenditures. With the increase in revenue and decrease in expenses, the District incurred a large increase in net position. The contribution for food service operations remained at \$0 (Table 4) for both the 2021 and 2020 fiscal years.

INDIVIDUAL FUND FINANCES

As noted earlier, the individual funds reflected in the fund financial statements provide more detail of activities for the fiscal year.

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 general fund records the result of the District's primary operations. The vocational and technical schools primary focus is the business of educating and training the students of Middlesex County. All the related expenses including instruction, student services, administrative, and plant operations are recorded in this fund. County appropriations (tax revenue), state aid and tuition make up the majority of revenue received to support these expenses. An analysis of increases and decreases in revenues and expenses is presented in sections (A) and (B) as part of a summary of general, special revenue, and capital outlay fund activity.

The special revenue fund accounts for all the grants received from federal, state, and local sources. The majority of these grants are federal entitlement programs. More significant programs include Title I, IDEA, and Carl Perkins funding. These programs provide funds designed to supplement the instructional process.

The capital projects fund is used to track all the activity related to any significant facility improvements. The overwhelming majority of these projects are funded through the sale of bonds by Middlesex County on behalf of the district.

(A) The following schedule presents a summary of the general fund, special revenue fund and capital projects fund revenues for the fiscal year ended June 30, 2021 and increases and decreases as compared to the prior year

Revenue	Amount	Percent of Total	Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ 31,752,564	54.62%	\$ 163,052	0.52%
State Sources	22,711,063	39.06%	1,502,495	7.08%
Federal Sources	<u>3,673,577</u>	<u>6.32%</u>	<u>1,365,862</u>	<u>59.19%</u>
Total:	<u>\$ 58,137,204</u>	<u>100.00%</u>	<u>\$ 3,031,409</u>	<u>5.78%</u>

Local sources saw a small increase in funds compared to the prior year.

An increase in the on behalf pension contribution resulted in an increase in the state sources.

Funds received from the Cares Act grants for the coronavirus health emergency caused the increase in federal sources.

(B) The following schedule presents a summary of general fund, special revenue fund and capital projects fund expenditures for the fiscal year ended June 30, 2021, and the percentages of total increases and decreases as compared to the prior year.

(C)

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Current Expense:				
Instruction	\$ 15,598,209	26.22%	\$ (116,677)	-0.74%
Undistributed Expenditures	34,585,430	58.15%	1,505,163	4.55%
Capital Outlay	8,098,910	13.62%	2,625,288	47.96%
Special Schools	1,194,392	2.01%	45,079	3.92%
Total:	<u>\$ 59,476,941</u>	<u>100.00%</u>	<u>\$ 4,058,853</u>	<u>7.32%</u>

The decrease in instructional expenses is related to a decrease in instructional supplies.

Support expenses increase over the prior year as the on behalf pension contribution increased.

Capital outlay increased during 2020-2021 with more capital projects being completed during the course of the year.

Special Schools expenses increased slightly over the prior year. The LPN program needed additional support.

BUDGET ANALYSIS

The State of New Jersey required that each District prepare, advertise, and submit an annual school budget prior to the start of the fiscal year. The timetable for this process is provided by the State annually. As previously mentioned, the vocational and technical school prepares the budget with extreme care to ensure that revenue and expenditure predictions are as accurate as possible. Despite their level of documented support, they remain predictions, and as such, do not recognize unexpected change. In order to deal with unexpected change, the District revised its budget by line item transfers periodically throughout the year. While there are very few transfers made in the first nine months, there are a number of transfers made in the final three. These transfers are experience-driven and indicate the cumulative result of change and year-end close out. The following represents an analysis of current year budget highlights:

Revenue:

1. Taxes were collected and received in the amount budgeted.
2. Interest earned was received under budget as interest rates remain extremely low and the cost of bank services increase.
3. State Aid was received under budget. The state had revised state aid allocations after the district's budget was approved resulting in less state aid than originally anticipated.
4. Tuition collections were received under budget. While there was a small increase in LPN tuition, the tuition amount from cosmetology and special education students' decrease with less students enrolled.
5. Miscellaneous revenue collection was well under budget. This resulted from a decrease in regular adult programs, sale of materials in various day shops, and use of facilities. These

decreases all were a result of the coronavirus health emergency as none of these things took place during the 2020-21 school year.

Expenditures:

Original Budget vs. Final Budget

1. The majority of variances between original and final budget can be explained by prior year encumbrances. Items that were ordered in the prior year and received in this fiscal year are rolled over into the current budget through the transfer line. These items increase the final appropriation and are spent through the current budget.
2. Additional school funds were needed in instructional textbooks to purchase textbooks for the district.
3. Excess budgeted funds from the retirement/resignation of guidance and child study team counselors was transferred and used in other accounts.
4. Additional technical administration funds were needed to help with the increasing need for technology support throughout the school year.
5. Transfers to vocational instruction were needed to help provide career major teachers' with additional compensation during the pandemic.
6. Additional funds were needed for required maintenance to address flooring issues at several locations.
7. A new lease purchase agreement required a transfer to the operation maintenance of plant.
8. Fringe benefits costs were less than anticipated for health benefits, workers compensation and unemployment compensation which allowed transfers to other accounts.
9. Amounts budgeted for post-secondary instructional staff were in excess of the resources needed. This was a result of regular evening classes not operating this school year.

Final Budget vs. Actual

1. The majority of variances between final budget and actual can be explained by encumbrances. These reserves recognize goods and services ordered as of year end but not received. While this amount is shown as reserved on the balance sheet, the encumbrances are not reflected on schedule C-1 (pgs.), the budgetary comparison schedule.
2. Expenditures in various instructional and support salary accounts were lower than expected. A significant amount of retirements and staff changes after the budget was finalized accounted for the disparity between budget and actual.
3. Expenditures for instructional purchased services related to the culinary and baking programs were much lower than expected as schools were only operating on a half day schedule.
4. There was a surplus of funds in the gas and electricity accounts due to the implementation of an energy saving improvement plan.
5. Security services were not needed as much during the school year with the schools operating on a half day schedule.
6. Health benefits were lower than anticipated as the district received an unexpected rate reduction in January of 2021.
7. Due to the coronavirus health emergency still in place, no regular field trips were taken during the year causing an overage of transportation funds.
8. Instructor expense, supply cost, and other expense for evening school were over anticipated. Certain programs were not operated.

CAPITAL ASSETS AND LONG-TERM DEBT

CAPITAL ASSETS

As of June 30, 2021, capital assets for the district totaled \$86.9 million, net of accumulated depreciation. Capital assets include land, buildings, equipment, and construction in progress as detailed in Table 5.

Table 5
Capital Assets
June 30, 2019
(In Millions)

	Governmental Activities
Land and site improvements	\$ 12.1
Building and building improvements	64.3
Furniture and equipment	4.1
Construction-in-progress	6.4
	<hr/> <hr/>
	\$ 86.9

The net investment in capital assets increased 7.0% from the prior year. That increase included depreciation expense of \$4.04 million offset by additions recorded in the amount of \$8.0 million and net of related debt of \$13.7 million. The following is the detail of those additions:

	Additions (in millions)
Piscatway ESIP Heat Pumps	\$ 0.41
Edison Roof	0.10
Piscatway Flooring	0.18
East Brunswick Music Suite	1.79
Perth Amboy Roof	0.73
Construction in Progress	3.23
Equipment	1.56
	<u>\$ 8.00</u>

Detail information on capital assets is presented in note 4 to the basic financial statements.

LONG-TERM DEBT

The majority of the long-term debt on the District's books as of June 30, 2021 is associated with two (2) Lease Purchase Agreements executed both between TD Equipment Finance and the District. The proceeds from each agreement were borrowed to support two (2) separate Energy Savings Improvement Plans (ESIP) spread throughout the District. The original Lease Purchase interest and principal payments are being made over 240 months and commenced on July 15, 2015, payable January and July 15th of each year. The second agreement provides for interest and principal payments to be made over 180 months and commenced on April 1, 2021 and payable April 1st of each year.

The District also maintains a significant amount of long-term debt related to the New Jersey Public Employment Retirement System. The pension liability specifically covers the district's non-instructional support staff. Payments are made on an annual basis calculated by the State of New Jersey based on the pension fund's performance and needs.

Other district obligations include accrued sick and personal days. More detailed information is presented in note 5 of the basic financial statements.

OTHER CONSIDERATIONS

While the District's financial picture has improved over the past few years, some uncertainty still exists around our funding sources. In spite of the fiscal issues at the state level, our funding from unrestricted state aid increased for both the 2020-21 and 2021-22 school years. Unfortunately, this trend may not continue while the state deals with the fiscal fallout from the coronavirus pandemic. At this time it is uncertain what the state aid may look like for the 2022-23 school year and whether or not the state will continue to provide additional resources by reallocating funding from the over-funded schools. The question that remains is whether the state budget can support future increases as obligations to the state pension systems and retirement health benefits continue to rise plus the added fiscal pressure from the coronavirus pandemic. On the local level there is a state imposed cap with regard to the amounts municipal and county governments can increase local tax levies. While the cap doesn't apply to vocational districts directly, it will indirectly continue to limit any

additional funding from our county funding source. The revenue cap stands currently at two percent. As health benefits cost increase and as contractual salary rates settle above three percent, future revenues will not keep pace with expenditures. With that in mind, New Jersey School Districts may be challenged in the near future.

We are still continuing to deal with the coronavirus pandemic. Schools have transitioned back into full day in person instruction in September 2021. Things are still uncertain about what may happen in the future if cases rise again and we have to resort back to remote or hybrid learning. New challenges continue to pop up every day. We continue to purchase cleaning and sanitizing supplies and personal protective equipment necessary to maintain a safe and clean school environment. Additional purchase of technology devices have been purchased as well so that students will have their own school device. To date most of these expenses have been covered by federal coronavirus funding. We will be receiving funding until 2023. We are looking into improving the air quality and other areas in our facilities to maintain a safe and healthy environment which will also be funded through federal coronavirus resources.

On a positive note, Career and Technical Education has been embraced on both the State and National platform as part of the solution in education as we move forward. Technical education will be the backbone in keeping up with employer demand for higher level entry positions as technology replaces low end opportunities. With that in mind the State New Jersey has implemented the Securing our Children's Future Bond Act. The act provides competitive grants to Vocational and Technical School Districts for the expansion of career and technical education through facility construction, alterations, and additions. The state has allocated \$350 million for these grants. Included in that allotment Middlesex County Vocational and Technical Schools has been awarded \$23 million to construct a stand-alone high-tech center on the grounds of our East Brunswick Campus. The main building will house approximately 200 students and five new career and technical educational programs. The District is in the process of finalizing agreements with the State Department of Education and local officials to begin moving forward on the project. The concept supports the theory that career and technical education will have a bigger role in the near future.

FINANCIAL MANAGEMENT CONTACT

The Middlesex County Vocational School's financial report intended to demonstrate the district's accountability and provide the users (citizens, taxpayers, parents, students and creditors) with a general overview of the district's finances. Questions or request for additional financial information should be directed to the School Business Administrator / Board Secretary at 112 Rues Lane in East Brunswick, New Jersey 08816.

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2021.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Position
June 30, 2021**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 9,812,357		\$ 9,812,357
Internal balances	(187,750)	\$ 187,750	-
Accounts receivable	2,390,547	131,749	2,522,296
Inventory		894	894
Capital assets, non-depreciable	13,679,902		13,679,902
Capital assets, depreciable, net	<u>73,209,730</u>	<u>136,639</u>	<u>73,346,369</u>
Total Assets	<u>98,904,786</u>	<u>457,032</u>	<u>99,361,818</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension deferrals	<u>2,004,653</u>		<u>2,004,653</u>
LIABILITIES			
Accounts payable	2,008,008	84,519	2,092,527
Accrued interest payable	121,064		121,064
Insurance claims payable	81,086		81,086
Other payables	23,432		23,432
Unearned revenue	70,455	5,974	76,429
Payroll deductions and withholdings payable	645,594		645,594
Net pension liability	11,620,233		11,620,233
Noncurrent liabilities:			
Due within one year	816,702		816,702
Due beyond one year	<u>13,951,914</u>		<u>13,951,914</u>
Total liabilities	<u>29,338,488</u>	<u>90,493</u>	<u>29,428,981</u>
DEFERRED INFLOW OF RESOURCES			
Pension deferrals	<u>5,287,026</u>		<u>5,287,026</u>
NET POSITION			
Net investment in capital assets	73,720,391	136,639	73,857,030
Restricted for:			
Capital projects	2,311,339		2,311,339
Other purposes	4,242,818		4,242,818
Student Activities	210,404		210,404
Scholarships	5,633		5,633
Unrestricted	<u>(14,206,660)</u>	<u>229,900</u>	<u>(13,976,760)</u>
Total net position	<u>\$ 66,283,925</u>	<u>\$ 366,539</u>	<u>\$ 66,650,464</u>

See accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Activities
Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 10,632,497		\$ 930,025	\$ (9,702,472)		\$ (9,702,472)
Other special instruction	207,569			(207,569)		(207,569)
Vocational	13,110,457		744,147	(12,366,310)		(12,366,310)
Other instruction	906,489			(906,489)		(906,489)
Support services:						
Student and instruction related services	7,085,263		1,425,580	(5,659,683)		(5,659,683)
General administrative services	1,916,559			(1,916,559)		(1,916,559)
School administrative services	4,750,193			(4,750,193)		(4,750,193)
Plant operations and maintenance	8,909,083			(8,909,083)		(8,909,083)
Pupil transportation	92,371			(92,371)		(92,371)
Business and other support services	2,668,759			(2,668,759)		(2,668,759)
Special schools	1,920,253			(1,920,253)		(1,920,253)
Interest expense	300,100			(300,100)		(300,100)
Unallocated depreciation	3,338,114			(3,338,114)		(3,338,114)
Total governmental activities	<u>55,837,707</u>		<u>3,099,752</u>	<u>(52,737,955)</u>		<u>(52,737,955)</u>
Business-type activities:						
Food Service	569,582	\$ 3,786	708,071		\$ 142,275	142,275
Total business-type activities	<u>569,582</u>	<u>3,786</u>	<u>708,071</u>		<u>142,275</u>	<u>142,275</u>
Total primary government	<u>\$ 56,407,289</u>	<u>\$ 3,786</u>	<u>\$ 3,807,823</u>	(52,737,955)	142,275	(52,595,680)
General revenues:						
				26,837,956		26,837,956
				24,704,277		24,704,277
				3,500,000		3,500,000
				537,375		537,375
				1,416		1,416
				875,817		875,817
				<u>56,456,841</u>		<u>56,456,841</u>
				3,718,886	142,275	3,861,161
				62,395,047	224,264	62,619,311
				169,992	-	169,992
				<u>62,565,039</u>	<u>224,264</u>	<u>62,789,303</u>
				<u>\$ 66,283,925</u>	<u>\$ 366,539</u>	<u>\$ 66,650,464</u>

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Governmental Funds
Balance Sheet
June 30, 2021**

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 8,655,748	\$ 216,036	\$ 940,573	\$ 9,812,357
Accounts receivable:				
Interfunds receivable	567,568		823,258	1,390,826
Federal		803,995		803,995
State	64,448		1,266,456	1,330,904
Other governments	160,307	38,863		199,170
Other	56,478			56,478
Total assets	<u>\$ 9,504,549</u>	<u>\$ 1,058,894</u>	<u>\$ 3,030,287</u>	<u>\$ 13,593,730</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 559,670	\$ 434,404	\$ 180,572	\$ 1,174,646
Interfunds payable	1,233,033	345,543		1,578,576
Insurance claims payable	81,086			81,086
Other payables	23,432			23,432
Unearned revenue	7,545	62,910		70,455
Payroll deductions and withholdings payable	645,594			645,594
Total liabilities	<u>2,550,360</u>	<u>842,857</u>	<u>180,572</u>	<u>3,573,789</u>
Fund balances:				
Restricted for:				
Capital reserve account	2,400,100			2,400,100
Capital projects			2,849,715	2,849,715
Excess Surplus - current year	1,335,134			1,335,134
Excess Surplus - prior year	507,584			507,584
Student Activities		210,404		210,404
Scholarships		5,633		5,633
Assigned to:				
Designated for subsequent years expenditures	792,416			792,416
Other Purposes	925,516			925,516
Unassigned	993,439			993,439
Total fund balances	<u>6,954,189</u>	<u>216,037</u>	<u>2,849,715</u>	<u>10,019,941</u>
Total liabilities and fund balances	<u>\$ 9,504,549</u>	<u>\$ 1,058,894</u>	<u>\$ 3,030,287</u>	

Amounts reported for *governmental activities* 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 funds. The cost of the assets is \$160,091,116 and the accumulated depreciation is \$73,201,484 (see Note 4).	86,889,632
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds	(121,064)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 5).	(14,768,616)
Deferred pension costs in governmental activities are not resources and are therefore not reported in the funds.	(3,282,373)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(11,620,233)
Accrued pension contributions for the June 30, 2021 plan year end are paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide Statement of Net Position.	(833,362)
Net position of governmental activities	<u>\$ 66,283,925</u>

See accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021**

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
REVENUES				
Local sources:				
Local tax levy	\$ 26,837,956			\$ 26,837,956
County capital contribution			\$ 3,500,000	3,500,000
Tuition charges	537,375			537,375
Interest earned			1,416	1,416
Miscellaneous	414,791	\$ 461,026		875,817
Total local sources	<u>27,790,122</u>	<u>461,026</u>	<u>3,501,416</u>	<u>31,752,564</u>
State sources	22,580,221	130,842		22,711,063
Federal sources	56,224	3,617,353		3,673,577
Total revenues	<u>50,426,567</u>	<u>4,209,221</u>	<u>3,501,416</u>	<u>58,137,204</u>
EXPENDITURES				
Current:				
Regular instruction	5,957,928	777,496		6,735,424
Other special instruction	125,435			125,435
Vocational education	7,503,204	635,395		8,138,599
Other instruction	598,751			598,751
Support services and undistributed costs:				
Student and instruction related services	3,506,158	1,255,115		4,761,273
General administrative services	1,531,745			1,531,745
School administrative services	2,785,493			2,785,493
Plant operations and maintenance	7,704,266			7,704,266
Pupil transportation	92,371			92,371
Business and other support services	1,729,273			1,729,273
Unallocated benefits	15,549,263	431,746		15,981,009
Capital outlay	533,811	1,063,424	6,501,675	8,098,910
Special schools	1,194,392			1,194,392
Total expenditures	<u>48,812,090</u>	<u>4,163,176</u>	<u>6,501,675</u>	<u>59,476,941</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>1,614,477</u>	<u>46,045</u>	<u>(3,000,259)</u>	<u>(1,339,737)</u>
Fund balance, July 1	5,339,712	-	5,849,974	11,189,686
Prior Period Adjustment	-	169,992	-	169,992
Fund Balance, July 1 (Restated)	<u>5,339,712</u>	<u>169,992</u>	<u>5,849,974</u>	<u>11,359,678</u>
Fund balance, June 30	<u>\$ 6,954,189</u>	<u>\$ 216,037</u>	<u>\$ 2,849,715</u>	<u>\$ 10,019,941</u>

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

See accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2021**

Total net change in fund balances - governmental funds (from B-2) \$ (1,339,737)

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

Capital additions are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

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

	Capital additions	\$ 8,001,626	
	Disposition of capital assets	(12,849)	
	Depreciation expense	<u>(4,172,009)</u>	3,816,768

In the statement of net position, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount reflects the change from prior year. 2,801

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 686,947

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 (+). 13,133

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

	Pension expense	<u>538,974</u>	
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Change in net position of governmental activities (A-2) \$ 3,718,886

See accompanying notes to the basic financial statements.

Proprietary Fund

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Position
Enterprise Fund
June 30, 2021

	Major Fund
	Food Service
ASSETS	
Current assets:	
Accounts receivable:	
State	\$ 3,671
Federal	128,078
Interfund	187,750
Inventory	894
Total current assets	320,393
Noncurrent assets:	
Capital assets:	
Furniture, machinery & equipment	228,010
Less accumulated depreciation	(91,371)
Total capital assets, net	136,639
Total assets	457,032
LIABILITIES	
Current liabilities:	
Accounts payable	84,519
Unearned revenue	5,974
Total current liabilities	90,493
NET POSITION	
Net investment in capital assets	136,639
Unrestricted	229,900
Total net position	\$ 366,539

See accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Fund
Year Ended June 30, 2021**

	Major Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 1,699
Daily sales - non-reimbursable programs	346
Special functions	1,741
Total operating revenues	3,786
Operating expenses:	
Salaries	261,318
Cost of sales-reimbursable programs	96,937
Cost of sales - non-reimbursable programs	895
Food donation program	39,737
Other purchased services	81,600
General supplies	70,623
Depreciation	18,472
Total operating expenses	569,582
Operating (loss)	(565,796)
Nonoperating revenues:	
State sources:	
State school lunch program	16,576
Federal sources:	
National school lunch program	320,940
PB lunch - HHFKA	6,364
School breakfast program	234,695
After school snack	16,713
Emergency Operational Cost Program-Schools	72,432
P-EBT Administrative Cost	614
Food donation program	39,737
Total nonoperating revenues	708,071
Change in net position	142,275
Total net position—beginning of year	224,264
Total net position—end of year	\$ 366,539

See accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Cash Flows
Enterprise Fund
Year Ended June 30, 2021**

	Major Fund Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,845
Payments to employees	(261,318)
Payments to suppliers	(232,944)
Net cash used in operating activities	(489,417)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from state reimbursements	14,746
Cash received from federal reimbursements	565,133
Cash disbursed to other funds	(70,725)
Net cash provided by noncapital financing activities	509,154
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(19,737)
Net cash used in capital and related financing activities	(19,737)
Net change in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ -
Reconciliation of operating loss to net cash (used in) operating activities:	
Operating loss	\$ (565,796)
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Depreciation	18,472
Decrease in inventories	927
Increase in unearned revenue	1,059
(Decrease) in accounts payable	55,921
Total adjustments	76,379
Net cash (used in) operating activities	\$ (489,417)

The District received \$39,737 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2021.

See accompanying notes to the basic financial statements.

Fiduciary Fund

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 190,676
Accounts Receivable	27,040
Total assets	\$ 217,716
LIABILITIES	
Accounts Payable	\$ 29,040
Other Liabilities	1,665
Held on behalf of a third party	187,011
Total liabilities	\$ 217,716

See accompanying notes to the basic financial statements.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies

The financial statements of the Board of Education (the “Board”) of the Middlesex County Vocational and Technical High Schools (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 District’s accounting policies are disclosed below:

The District is organized under the Constitution of the State of New Jersey. The District operates under a Board form of government consisting of four members appointed to four-year terms, which are staggered. The District provides educational services as authorized by state and federal guidelines.

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Middlesex County Vocational and Technical High Schools in East Brunswick, New Jersey. The District receives funding from local, county, state, and federal government sources and must comply with the requirements of these funding source entities.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of appointed officials 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 five vocational and technical schools located in Middlesex County, New Jersey.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting:

- the organization is legally separate (can sue or be sued in their own name);
- the District holds the corporate powers of the organization;
- the District appoints a voting majority of the organization's board;
- the District is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the District; or
- there is a fiscal dependency by the organization on the District

The District is a component unit of Middlesex County, however, the County reports its financial statements on a regulatory basis of accounting which does not recognize or report component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all funds be reported as major to promote consistency among the school districts in the State of New Jersey.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A one-year availability period is generally used for revenue recognition for most other governmental fund revenues.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liabilities and other post-employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The District has reported the following major governmental funds:

General Fund: The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment, which are classified in the capital outlay subfund. Since the District's payroll agency funds do not meet the new criteria defined by the new Governmental Accounting Standards Board Statement No. 84, the payroll agency fund, which is used to account for the assets that the District held on behalf of others as their agent, are reported in the general fund as governmental activities effective for the year ended June 30, 2021.

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specified purposes. The revenue sources reported in the Special Revenue Fund include resources from the United States government, the State of New Jersey and some local organizations. Since the District's scholarship and student activity funds do not meet the new criteria defined by the new Government Accounting Standards Board Statement No. 84, the private purpose scholarship fund which is utilized to provide scholarships to students and to account for the related transactions and student activities which is used to account for funds derived from athletic events or other activities of pupil organizations and to account for the accumulation of money to pay for student group activities are reported in the special revenue fund as governmental activities effective for the year ended June 30, 2021.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds).

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The District reports the following major proprietary fund:

Food Service Enterprise Fund: The food service enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operations. This fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation) of providing goods or services to the students or other entities on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fiduciary fund type:

The fiduciary fund of the District is for the HOSA – Future Health Professionals, formerly known as Health Occupations Students of America. The trust fund is reported using the economic resources measurement focus. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary fund of the District.

Amounts reported as program revenues include (1) fees charged to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for sales of food. Operating expenses for the enterprise fund include the cost of sales, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The District reports unearned revenue on its balance sheet and statements of net position. Unearned revenue arises when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and statements of net position and revenue is recognized.

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a county is required to remit to the school district the entire balance of taxes in the amount certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an “accounts receivable.”

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). 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 referred in N.J.A.C. 6A:23. The over-expenditure in the general fund is 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. All budget amendments must be approved by School Board resolution.

Budget amendments during the year ended June 30, 2021 were not significant and approved by the Board and the New Jersey Department of Education where required.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control (continued)

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 two state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, amounts on deposit, money market accounts, and short-term investments with original maturities of three months or less.

F. 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.

G. Inventories

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements and machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their acquisition value on the date of acquisition.

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

Depreciable capital assets of the District are depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

I. 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 vacation, personal and sick leave in varying amounts under the District's personnel policies. Vacation days are not allowed to be accumulated beyond the fiscal year. Vacation days are prorated for termination within the fiscal year.

The Board of Education
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Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

I. Compensated Absences (continued)

Accumulated sick and personal leave benefits provide for ordinary sick and personal leave pay and are vested upon retirement from a state administered pension fund following services for the number of years required by such pension fund and upon fulfillment for employee's age requirement. Unused personal days convert to sick days, are carried over and are included in accumulated sick leave.

The liability for vested compensated absences of the governmental fund is recorded as a liability in the government-wide financial statements and amounted to \$1,060,999 at June 30, 2021. Upon resignation or retirement, the liability for these amounts is reported in the governmental funds.

J. Unearned Revenue

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned and outstanding encumbrances. Unearned revenue in the General Fund represents tuition for Fall 2021 programs received on or before June 30, 2021.

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position. Contractually required pension contributions, capital leases and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

L. Fund Balances

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 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

The Board of Education
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County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances (continued)

- 1) 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, long-term receivables, and the corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) 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 revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned - includes 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.
- 5) 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 positive 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.

The Board of Education
of the Vocational and Technical High Schools
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Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances (continued)

Of the \$6,954,189 of fund balances in the General Fund, \$925,516 of encumbrances is assigned to other purposes, \$2,400,100 has been restricted for the capital reserve, \$1,335,134 has been restricted for excess surplus – current year, \$507,584 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$792,416 has been classified as assigned fund balance designated for subsequent years' expenditures and \$993,439 is classified as unassigned.

M. Calculation of Excess Surplus

The designation for restricted fund balance – excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess surplus for June 30, 2021 was \$1,842,718. Of this amount, \$507,584 has been appropriated in the 2021-2022 budget and the remaining \$1,335,134 will be required to be appropriated in the 2022-2023 budget.

N. Net Position

Net position represents the difference between assets, deferred inflows of resources, deferred outflows of resources and liabilities in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are 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.

O. 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.

The Board of Education
of the Vocational and Technical High Schools
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Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

P. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and pension contributions for 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.

Q. 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. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements. Furthermore if the county 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 provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the 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. Middlesex County has not entered into any tax abatement agreements, however, municipalities within the County have which has abated \$52,903,519 during calendar year 2020. Various municipalities were required to remit \$791,108 under statute to the County. None of those payments were due to the District.

The Board of Education
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Notes to the Basic Financial Statements

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

R. Recently Issued Accounting Pronouncements

The GASB issued Statement No. 84, *Fiduciary Activities*, which requires compliance by June 30, 2021. GASB 84 establishes specific criteria for identifying fiduciary activities based primarily on whether the school district is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. If the activity is not a “fiduciary activity”, then it is a “governmental activity.” The District examined its current fiduciary funds and determined that, except for the HOSA agency fund, they do not meet the new terms and conditions of a fiduciary activity, as set forth by GASB 84. Therefore, the District’s payroll agency activity will now be reported in the general fund and the District’s scholarship and student activity funds will be reported in the special revenue fund as governmental activities accordingly. Management has appropriately implemented this standard for the year ended June 30, 2021.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 31, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by eighteen months. Management has not determined the impact of the Statement on the financial statements.

S. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and March 7, 2022, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including the lease purchase obligations and compensated absences are not due and payable in the current period and therefore are not reported in the funds.

The Board of Education
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Notes to the Basic Financial Statements

Year ended June 30, 2021

2. Reconciliation of Government-Wide and Fund Financial Statements (continued)

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position (continued)

The details of this difference are as follows:

Compensated absences	\$	1,060,999
Lease purchase obligations		<u>13,707,617</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>14,768,616</u>

3. Deposits and Investments

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 Government 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 last 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.

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, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

The Board of Education
of the Vocational and Technical High Schools
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Notes to the Basic Financial Statements

Year ended June 30, 2021

3. Deposits and Investments (continued)

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund and New Jersey Asset and Rebate 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.

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by commercial banking institutions. At June 30, 2021, the District's carrying amount of deposits was \$10,003,033 and the bank balance was \$10,395,338. Of the bank balance, \$750,000 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$8,946,003. \$699,335 held in the District agency accounts are not covered by GUDPA. Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

The Board of Education
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Notes to the Basic Financial Statements

Year ended June 30, 2021

3. Deposits and Investments (continued)

Investments

New Jersey statutes permit the Board to purchase the following types of investments; however, there are no investments held by the District at June 30, 2021:

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. State of New Jersey Cash Management Fund and New Jersey Asset and Rebate Management Fund.
- d. Bonds or other obligations of the School District.

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2021:

	Beginning Balance	Increases	Transfers/ Disposals/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,307,200			\$ 7,307,200
Construction in progress	3,137,458	\$ 5,428,016	\$ (2,192,772)	6,372,702
Total capital assets, not being depreciated	10,444,658	5,428,016	(2,192,772)	13,679,902
Capital assets, being depreciated:				
Site improvements	10,690,707	265		10,690,972
Buildings and building improvements	110,327,080	1,015,603	2,191,013	113,533,696
Machinery and equipment	20,773,357	1,557,742	(144,553)	22,186,546
Total capital assets being depreciated	141,791,144	2,573,610	2,046,460	146,411,214
Less accumulated depreciation for:				
Site improvements	(5,492,487)	(455,776)		(5,948,263)
Buildings and building improvements	(46,315,021)	(2,882,337)	1,759	(49,195,599)
Machinery, equipment and vehicles	(17,355,430)	(833,896)	131,704	(18,057,622)
Total accumulated depreciation	(69,162,938)	(4,172,009)	133,463	(73,201,484)
Total capital assets, being depreciated, net	72,628,206	(1,598,399)	2,179,923	73,209,730
Governmental activities capital assets, net	\$ 83,072,864	\$ 3,829,617	\$ (12,849)	\$ 86,889,632

The Board of Education
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Notes to the Basic Financial Statements

Year ended June 30, 2021

4. Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District as follows:

Regular instruction	\$	21,420
Vocational instruction		496,513
Support services		1,979
School administrative services		182,818
General administrative services		14,216
Plant operation and maintenance		116,949
Unallocated depreciation		3,338,114
Total depreciation expense – governmental activities	\$	<u>4,172,009</u>

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 208,273	\$ 19,737	\$ 228,010
Less accumulated depreciation for:			
Equipment	(72,899)	(18,472)	(91,371)
Total business-type activities capital assets, net	<u>\$ 135,374</u>	<u>\$ 1,265</u>	<u>\$ 136,639</u>

5. Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Compensated absences payable	\$ 1,074,132	\$ 219,014	\$ (232,147)	\$ 1,060,999	\$ 81,034
Lease purchase obligations	14,394,564		(686,947)	13,707,617	735,668
Subtotal	<u>15,468,696</u>	<u>219,014</u>	<u>(919,094)</u>	<u>14,768,616</u>	<u>816,702</u>
Net pension liability	12,663,123		(1,042,890)	11,620,233	
Governmental activities long-term liabilities	<u>\$ 28,131,819</u>	<u>\$ 219,014</u>	<u>\$ (1,961,984)</u>	<u>\$ 26,388,849</u>	<u>\$ 816,702</u>

The Board of Education
of the Vocational and Technical High Schools
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Notes to the Basic Financial Statements

Year ended June 30, 2021

5. Long-Term Liabilities (continued)

The District expects to liquidate the compensated absences, lease purchase obligation and the net pension liability with payments made from the District's general fund.

Bonds Payable and Bonds Authorized but Not Issued

As of June 30, 2021, the District had no bonds payable and no authorized but not issued bonds.

Debt issued by the County of Middlesex

Bonds for capital improvements are authorized in accordance with State law by the County of Middlesex Board of Chosen Freeholders by adopting a bond ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County of Middlesex are general obligation bonds of the County of Middlesex and therefore are not recorded as debt of the District. As of June 30, 2021, debt outstanding and recorded in the financial statements of the County of Middlesex related to the District amounted to \$27,310,000.

Lease Purchase Obligations Payable

In April of 2015, the Middlesex County Vocational and Technical School District (the Lessee) entered into a lease purchase agreement with TD Equipment Finance, Inc. (the Lessor) to finance the undertaking of an Energy Savings Improvement Program (ESIP) in order to acquire and install certain energy conservation measures and equipment at its facilities located at the East Brunswick Campus and Piscataway Campus.

Under the lease, the District is required to pay basic rent due on each January 15 and July 15, which commenced on July 15, 2015 and will conclude on January 15, 2035. The lease carries an interest rate of 2.5185%. The total principal amount of the lease was \$11,300,000.

In April of 2020, the Middlesex County Vocational and Technical School District (the Lessee) entered into a lease purchase agreement with TD Equipment Finance, Inc. (the Lessor) to finance the undertaking of an Energy Savings Improvement Program (ESIP) in order to acquire and install certain energy conservation measures and equipment at its facilities.

Under the lease, the District is required to pay basic rent due on each April 1st, which will commence on April 1, 2021 and will conclude on April 1, 2035. The lease carries an interest rate of 1.414%. The total principal amount of the lease was \$4,878,200.

The Board of Education
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Notes to the Basic Financial Statements

Year ended June 30, 2021

5. Long-Term Liabilities (continued)

Future Minimum Lease Payments - Future minimum lease payments under the lease purchase agreement along with the present value of the minimum lease payments as of June 30, 2021 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 1,027,280
2023	1,032,977
2024	1,065,021
2025	1,085,023
2026	1,051,054
2027-2031	5,695,189
2032-2035	<u>5,136,292</u>
 Total Minimum Lease Payments	 16,092,836
 Less: Amount representing interest	 <u>(2,385,219)</u>
 Present Value of Net Minimum Lease Payments	 <u><u>\$ 13,707,617</u></u>

The gross amount of assets recorded under the energy conservation leases amounted to \$15,582,900. All lease purchase obligations are presented on Schedule I-2 of this report.

6. Pension Plans

Description of Systems

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

The Board of Education
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Notes to the Basic Financial Statements

Year ended June 30, 2021

6. Pension Plans (continued)

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service.

The Board of Education
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Notes to the Basic Financial Statements

Year ended June 30, 2021

6. Pension Plans (continued)

Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

The contribution policy is set by New Jersey State 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 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 Board is a non-contributing employer of the TPAF. During the year ended June 30, 2021, the State of New Jersey contributed \$6,492,673 to the TPAF for normal costs of pension and post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,347,153 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide fund financial statements. The District's actuarially determined contributions to PERS for each of the years ended June 30, 2021, 2020, and 2019 were \$779,522, \$685,773, and \$717,476, respectively, equal to the required contributions for each year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Board of Education
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Notes to the Basic Financial Statements

Year ended June 30, 2021

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System (PERS)

At June 30, 2020, the District reported a liability of \$11,620,233 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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. At June 30, 2020, the District's proportion was 0.0712574900 percent, which was an increase of 0.0009789684 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized full accrual pension expense of \$240,546 in the government-wide financial statements. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 376,974	\$ 4,865,502
Differences between expected and actual experience	211,585	41,094
Changes in proportion	185,543	380,430
Difference between projected and actual earnings on pension plan investments	397,189	
District contributions subsequent to the measurement date	833,362	
	\$ 2,004,653	\$ 5,287,026

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Year ended June 30, 2021

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The \$833,362 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$(1,539,224)
2023	(1,418,621)
2024	(825,971)
2025	(272,034)
2026	(59,885)
	<u>\$ (4,115,735)</u>

Actuarial Assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment rate of return	7.00%

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Year ended June 30, 2021

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and a 101.4% adjustment for females, with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 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 a 117.2% adjustment for females, and with a future improvement from the base year of 2010 on a generational basis. Mortality improvements is based on MP-2020.

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

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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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Year ended June 30, 2021

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 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%	3.40%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment grade credit	8.00%	2.67%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
	<u>100.00%</u>	

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6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability 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:

2020	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 14,627,935	\$ 11,620,233	\$ 9,068,116

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Notes to the Basic Financial Statements

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6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Pension Plan Fiduciary Net Position

The plan fiduciary net position for PERS including the State of New Jersey at June 30, 2020 was \$29,045,369,302. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2020 was \$22,997,176,445.

Additional Information

Collective balances of the Local Group at June 30, 2020 are as follows:

Deferred outflows of resources	\$	2,347,583,337
Deferred inflows of resources	\$	7,849,949,467
Net pension liability	\$	16,435,616,426
District's proportion		0.0712574900%

Collective pension expense for the Local Group for the measurement periods ended June 30, 2020 was \$407,705,399. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2020, 2019, 2018, 2017, 2016 and 2015 is 5.16, 5.21, 5.63, 5.48, 5.57 and 5.72, respectively.

Teachers Pensions and Annuity Fund (TPAF) – Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a 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.

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6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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 State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2020 was \$109,523,737. The District's proportionate share was \$0. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2020, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1663261017 percent, which was a decrease of 0.0061971979 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$6,810,652 for contributions incurred by the State.

Actuarial assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	1.55 - 4.55%
	based on years of service
Thereafter	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

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Year ended June 30, 2021

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Mortality Rates

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 a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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 rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

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6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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Year ended June 30, 2021

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the net pension liability of the State calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

2020	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
District's proportionate share of the net pension liability	\$ 128,648,456	\$ 109,523,737	\$ 93,643,868

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 at June 30, 2020 are as follows:

Deferred outflows of resources	\$ 9,626,548,228
Deferred inflows of resources	\$ 14,591,988,841
Net pension liability	\$ 65,993,498,688
State's proportionate share associated with the District	0.1663261017%

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Year ended June 30, 2021

6. Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Collective pension expense for the plan for the measurement period ended June 30, 2020 is \$4,099,006,933. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2020, 2019, 2018, 2017, 2016 and 2015 is 8.0, 8.0, 8.3, 8.3, 8.3, and 8.3 years, respectively.

7. Post-Retirement Benefits

Plan Description

The District participates in the New Jersey State Health Benefits Program (the "SHBP"), a multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program 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.

The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees.

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7. Post-Retirement Benefits (continued)

The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State's contributions to the SHBP for post-retirement benefits on behalf of the District for the years ended June 30, 2021, 2020 and 2019 were \$1,548,352, \$1,377,662, and \$1,571,329, respectively, which equaled the regional contributions for each year.

As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service.

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.

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The nonemployer OPEB liability from New Jersey's plan is \$67,809,962,608.

The following members were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2019</u>
Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
Total Plan Members	<u>366,108</u>

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7. Post-Retirement Benefits (continued)

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. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2020 was \$120,769,762 or 0.18%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Assumptions and Other Inputs

Inflation rate	2.50%	
	TPAF/ABP	PERS
Salary increases:		
Through 2026	1.55 – 4.45% based on years of service	2.00 – 6.00% based on age
Thereafter	1.55 – 4.45% based on years of service	3.00 – 7.00% based on age

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7. Post-Retirement Benefits (continued)

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is 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.

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7. Post-Retirement Benefits (continued)

Changes in the Total Nonemployer OPEB Liability

The following represents the change in the State's proportionate share of the OPEB liability associated with the District:

Balance at June 30, 2019		\$ 77,127,626
Increased by:		
Differences between expected and actual experiences	18,180,120	
Service cost	2,682,329	
Interest cost	2,757,977	
Changes of assumptions	22,060,485	
Member contributions	63,727	
		45,744,638
		122,872,264
Decreased by:		
Gross benefit payments	2,102,502	
		2,102,502
Balance at June 30, 2020		\$ 120,769,762

The State's proportionate share of deferred outflows and inflows of resources associated with the District at June 30, 2020 is \$39,809,527 and \$60,265,354, respectively.

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate.

	1% Decrease (1.21%)	At Current Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 145,594,182	\$ 120,769,762	\$ 101,635,457

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7. Post-Retirement Benefits (continued)

The following presents the State’s proportionate share of the net OPEB liability associated with the District calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	<u>\$ 97,489,425</u>	<u>\$ 120,769,762</u>	<u>\$ 148,491,470</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$1,097,833 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2020 are as follows:

Deferred outflows of resources	\$ 24,023,298,802
Deferred inflows of resources	\$ 19,101,933,244
Collective OPEB expense	\$ 3,337,755,596

8. 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.

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.

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Notes to the Basic Financial Statements

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8. Risk Management (continued)

Medical Benefits

The District terminated its relationship during 2004 with the Middlesex County Joint Health Insurance Fund. Any resulting claims payable will be absorbed at the County level. The District is now using the State Employees' Health Benefits Program as their health insurance provider.

Worker's Compensation

The District was self-insured for its workers' compensation insurance through July 1, 2009. The claims administrator, Scibal Associates, established an annual rate based on expenses, projected claims and a margin for fluctuation, thereby providing a predictable monthly premium. Each month the District deposits this predetermined amount into an interest-bearing checking account. The claims are filed with Scibal and periodically the District pays those claims from this account. The District has acquired insurance which caps an individual claim at \$350,000, thus, limiting the District's exposure on a per claims basis. The incurred and unpaid claims are reflected on the statement of net position and general fund balance sheet as insurance claims payable. Changes in the District's insurance claims liability amount in fiscal years 2021, 2020, and 2019 were:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2020-2021	\$ 59,050	\$ 25,000	\$ (2,877)	\$ 81,173
2019-2020	47,125	18,500	(6,575)	59,050
2018-2019	47,229		(104)	47,125
2017-2018	107,807	14,647	(75,225)	47,229

9. Deferred Compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, 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. Participants' rights under the plan are equal to those of general creditors in an amount equal to the fair market value of the deferred account of each participant. The District has no liability for losses under the plan. Since the District does not hold the assets in a trustee capacity, the related assets are not included in the District's Fiduciary Fund Financial Statements. The administrators of the District's plans are Valic and Equitable.

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10. Interfund Receivables and Payables

The total interfund accounts receivables and payables for the District are as follows at June 30, 2021:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 567,568	\$ 1,233,033
Special Revenue Fund		345,543
Capital Projects Fund	823,258	
Enterprise Fund - Food Service	187,750	
	\$ 1,578,576	\$ 1,578,576

The interfund payable in the special revenue fund represents an amount loaned from the general fund as a result of the reimbursement procedures under which the District must spend the funds before requesting reimbursement from the State of New Jersey. The interfunds between the general fund, capital projects fund, and the enterprise fund – food service represent short-term loans between the funds.

All interfunds are expected to be repaid within one year.

11. Economic Dependency

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

12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), relating to its capital projects. The District is required to expend funds in accordance with its approved final eligible costs.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2021

12. Contingent Liabilities (continued)

The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

13. Capital Reserve Account

A capital reserve account was established by the District, in prior years, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by a Board approved transfer between June 1 and June 30 of each fiscal year. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, June 30, 2020	\$	1,450,100
Add: June Deposit by Board Resolution		950,000
Ending Balance, June 30, 2021	\$	<u>2,400,100</u>

At June 30, 2021, the amount deposited in the capital reserve account does not exceed the District's local share reported in its Long-Range Facility Plan.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2021

14. Commitments

The District has contractual commitments at June 30, 2021 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$925,516.

In addition, the District has \$2,197,211 of contractual commitments at June 30, 2021 to vendors related to the ongoing construction projects, recorded as restricted for capital projects, in the capital projects fund.

15. GASB Statement No. 84 Restatement

Beginning Special Revenue Budgetary and Modified Accrual Fund Balances Per Schedules B-2, C-2 and E-1 at June 30, 2020	\$ -
Special Revenue Fund Adjustments	
Recognition of the Following June 30, 2020 Balances:	
Scholarship Net Position	30,555
Due to Student Groups	<u>124,591</u>
Beginning Special Revenue Fund Budgetary Fund Balance Per Schedules B-2, E-1 and C-2 at June 30, 2020 (as restated)	<u>\$ 155,146</u>
Beginning Full Accrual Net Position Per Schedule A-2 at June 30, 2020	\$ 23,775,337
Adjustments to Government-Wide Net Position	
Recognition of the Following June 30, 2020 Balances:	
Unemployment Compensation Net Position	251,318
Scholarship Net Position	30,555
Due to Student Groups	<u>124,591</u>
Total	<u>406,464</u>
Beginning Full Accrual Net Position Per Schedule A-2 at June 30, 2020 (as restated)	<u>\$ 24,181,801</u>

Effective in the fiscal year ended June 30, 2021, the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* as described in the recently issued accounting pronouncements footnote above. The implementation of this Statement required a restatement of prior year fund balance and net position in the government-wide and governmental fund financial statements.

Required Supplementary Information – Part II

Schedules Related to Accounting and Reporting for Pensions and
OPEBs (GASB 68 and 75)

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System
Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	June 30, 2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - Local Group	0.0712574900%	0.0702785216%	0.0718815312%	0.0730781486%	0.0735984367%	0.0732122503%	0.0714014190%	0.0713357094%	Not available	Not available
District's proportionate share of the net pension liability (asset)	\$ 11,620,233	\$ 12,663,123	\$ 14,153,115	\$ 17,011,425	\$ 21,797,746	\$ 16,434,683	\$ 13,368,298	\$ 13,633,671	Not available	Not available
District's covered-employee payroll	\$ 5,234,776	\$ 5,085,413	\$ 5,081,261	\$ 5,043,426	\$ 5,139,312	\$ 5,065,509	\$ 4,991,828	\$ 4,921,659	\$ 4,893,029	\$ 4,948,467
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	221.98%	249.01%	278.54%	337.30%	424.14%	324.44%	267.80%	277.01%	Not available	Not available
Plan fiduciary net position as a percentage of the total pension liability - Local Group	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	Not available	Not available

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

See accompanying notes to required supplementary information.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
Required Supplementary Information
Schedule of District Contributions
Public Employees' Retirement System

Last Ten Fiscal Years

	2021	2020	2019	2018	2017	June 30, 2016	2015	2014	2013	2012
Contractually required contribution	\$ 779,521	\$ 685,773	\$ 717,476	\$ 684,018	\$ 676,991	\$ 653,838	\$ 629,429	\$ 588,623	\$ 537,500	\$ 547,852
Contributions in relation to the contractually required contribution	(779,521)	(685,773)	(717,476)	(684,018)	(676,991)	(653,838)	(629,429)	(588,623)	(537,500)	(547,852)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,342,312	\$ 5,234,776	\$ 5,085,413	\$ 5,081,261	\$ 5,043,426	\$ 5,139,312	\$ 5,065,509	\$ 4,991,828	\$ 4,921,659	\$ 4,893,029
Contributions as a percentage of covered-employee payroll	14.59%	13.10%	14.11%	13.46%	13.42%	12.72%	12.43%	11.79%	10.92%	11.20%

See accompanying notes to required supplementary information.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
Required Supplementary Information
Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
Teachers' Pension and Annuity Fund

Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	June 30, 2016	2015	2014	2013	2012
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.1663261017%	0.1725232996%	0.1688990540%	0.1701222442%	0.1720627833%	0.1733467542%	0.1725283819%	0.1830768662%	Not available	Not available
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 109,523,737	\$ 105,879,177	\$ 107,449,950	\$ 114,702,551	\$ 135,355,541	\$ 109,562,551	\$ 92,210,805	\$ 92,525,608	Not available	Not available
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 109,523,737</u>	<u>\$ 105,879,177</u>	<u>\$ 107,449,950</u>	<u>\$ 114,702,551</u>	<u>\$ 135,355,541</u>	<u>\$ 109,562,551</u>	<u>\$ 92,210,805</u>	<u>\$ 92,525,608</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	Not available	Not available

The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

See accompanying notes to required supplementary information.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
Required Supplementary Information
Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
State Health Benefit Local Education Retired Employees Plan

	Last Ten Fiscal Years*			
	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
State's proportion of the OPEB Liability associated with the District	0.18%	0.18%	0.19%	0.25%
District's proportionate share of the OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the District	120,769,762	77,127,626	85,463,086	133,724,194
Total proportionate share of the OPEB liability associated with the District	<u>\$ 120,769,762</u>	<u>\$ 77,127,626</u>	<u>\$ 85,463,086</u>	<u>\$ 133,724,194</u>
Balance, beginning of year	\$ 77,127,626	\$ 85,463,086	\$ 133,724,194	\$ 142,358,487
Increased by:				
Service cost	2,682,329	2,425,206	5,468,581	6,534,945
Interest cost	2,757,977	3,357,244	4,943,956	4,201,250
Changes of assumptions	22,060,485	1,149,979		
Differences between expected and actual experiences	18,180,120			
Member contributions	63,727	70,182	78,982	114,052
	<u>122,872,264</u>	<u>92,465,697</u>	<u>144,215,713</u>	<u>153,208,734</u>
Decreased by:				
Changes of assumptions			9,807,317	16,387,204
Differences between expected and actual experiences		12,970,483	46,660,058	
Gross benefit payments	2,102,502	2,367,588	2,285,252	3,097,336
	<u>2,102,502</u>	<u>2,367,588</u>	<u>2,285,252</u>	<u>3,097,336</u>
Balance, end of year	<u>\$ 120,769,762</u>	<u>\$ 77,127,626</u>	<u>\$ 85,463,086</u>	<u>\$ 133,724,194</u>
Covered by employee payroll	\$ 23,973,030	\$ 23,672,558	\$ 22,954,009	\$ 22,566,052
Total OPEB liability as a percentage of covered employee payroll.	503.77%	325.81%	372.32%	592.59%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

See Note to Required Supplementary Information

The Board of Education of the Vocational and Technical High Schools
County of Middlesex

Notes to Required Supplementary Information

Year Ended June 30, 2021

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020.

**3. NONEMPLOYER OPEB LIABILITY FOR THE STATE HEALTH BENEFIT LOCAL
EDUCATION RETIRED EMPLOYEES PLAN**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

Required Supplementary Information – Part III

Budgetary Comparison Schedules

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 26,837,956		\$ 26,837,956	\$ 26,837,956	
Tuition Charges	563,000		563,000	537,375	\$ (25,625)
Miscellaneous	515,369		515,369	414,791	(100,578)
Total - Local Sources	27,916,325	-	27,916,325	27,790,122	(126,203)
State Sources:					
Equalization Aid	13,140,829		13,140,829	12,743,678	(397,151)
Special Education Categorical Aid	1,421,678		1,421,678	1,421,678	
Security Aid	592,489		592,489	592,489	
TPAF Social Security (Reimbursed - Non-Budgeted)				1,347,153	1,347,153
TPAF Pension (On-Behalf - Non-Budgeted)				4,940,744	4,940,744
TPAF Post-Retirement Medical Contribution (Non-Budgeted)				1,551,929	1,551,929
Total State Sources	15,154,996	-	15,154,996	22,597,671	7,442,675
Federal Sources:					
Medicaid Reimbursement	40,539		40,539	45,589	5,050
Medicaid Admin Clearing Reimbursement				7,780	7,780
FFCRA/SEMI				2,855	2,855
Total Federal Sources	40,539	-	40,539	56,224	15,685
Total Revenues	43,111,860	-	43,111,860	50,444,017	7,332,157
EXPENDITURES:					
Current Expenditures:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	5,882,574	\$ (200,000)	5,682,574	5,668,495	14,079
Purchased Educational Services	15,000		15,000	6,535	8,465
Other Purchased Services	3,907		3,907	3,907	
General Supplies	248,150	69,292	317,442	209,228	108,214
Textbooks	126,250	120,000	246,250	41,106	205,144
Other Objects	4,000		4,000		4,000
Regular Programs - Home Instruction					
Salaries of Teachers	30,000		30,000	19,400	10,600
Purchased Educational Services	20,000		20,000	13,164	6,836
Total Regular Programs	6,329,881	(10,708)	6,319,173	5,957,928	361,245
Bilingual Education - Instruction					
Salaries of Teachers	154,114		154,114	124,981	29,133
General Supplies	3,820		3,820	454	3,366
Total Bilingual Education - Instruction	157,934	-	157,934	125,435	32,499
Regular Vocational Programs - Local - Instruction					
Salaries of Teachers	3,188,187	260,000	3,448,187	3,432,228	15,959
Purchased Professional-Educational Services	25,000		25,000	2,158	22,842
Other Purchased Services	372,350		372,350	190,285	182,065
General Supplies	487,600	16,295	503,895	405,637	98,258
Textbooks	32,450		32,450	28,075	4,375
Other Objects	6,000		6,000	3,403	2,597
Total Regular Vocational Programs - Local - Instruction	4,111,587	276,295	4,387,882	4,061,786	326,096
Special Vocational Programs - Local - Instruction					
Salaries of Teachers	3,340,101	(80,000)	3,260,101	3,216,402	43,699
Purchased Professional-Educational Services	5,000		5,000		5,000
Other Purchased Services	202,785		202,785	69,378	133,407
General Supplies	269,537	12,886	282,423	152,220	130,203
Textbooks	30,000		30,000	2,938	27,062
Other Objects	4,000		4,000	480	3,520
Total Special Vocational Programs - Local - Instruction	3,851,423	(67,114)	3,784,309	3,441,418	342,891

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Co curricular Actvts. - Instruction					
Salaries	\$ 180,825	\$ (1,000)	\$ 179,825	\$ 150,575	\$ 29,250
General Supplies	7,500		7,500	880	6,620
Other Objects	19,000		19,000	4,630	14,370
Transfers to Cover Deficit (Agency Funds)	2,000	1,000	3,000	2,454	546
Total School-Spon. Co curricular Actvts. - Instruction	209,325	-	209,325	158,539	50,786
School-Spon. Athletics - Instruction					
Salaries	368,600		368,600	317,702	50,898
Purchased Services	50,540		50,540	30,825	19,715
Supplies and Materials	92,020	6,859	98,879	69,807	29,072
Other Objects	29,600		29,600	21,878	7,722
Total School-Spon. Athletics - Instruction	540,760	6,859	547,619	440,212	107,407
Total Instruction	15,200,910	205,332	15,406,242	14,185,318	1,220,924
Undistributed Expenditures:					
Undist. Expend. - Health Services					
Salaries	422,535	(30,000)	392,535	372,487	20,048
Purchased Professional Services	55,000		55,000	34,637	20,363
Supplies and Materials	17,500	10,000	27,500	11,229	16,271
Other Objects	1,000		1,000	135	865
Total Undistributed Expenditures - Health Services	496,035	(20,000)	476,035	418,488	57,547
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries of Other Professional Staff	80,107		80,107	80,107	-
Educational Services	1,000	1,500	2,500	2,100	400
Supplies and Materials	3,000		3,000	843	2,157
Total Undist. Expend.-Other Supp. Serv. Students-Related Serv.	84,107	1,500	85,607	83,050	2,557
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,104,071	(127,500)	976,571	974,624	1,947
Salaries of Secretarial and Clerical Assistants	238,446		238,446	238,445	1
Unused Vacation Payment	500	5,000	5,500	4,172	1,328
Other Purchased and Technical Services	2,000		2,000	2,000	0
Other Purchased Services	2,500		2,500	1,650	850
Supplies and Materials	23,500		23,500	10,045	13,455
Other Objects	5,000		5,000	130	4,870
Total Undist. Expend. - Guidance	1,376,017	(122,500)	1,253,517	1,229,066	24,451
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	571,401	(46,500)	524,901	506,239	18,662
Salaries of Secretarial and Clerical Assistants	157,027		157,027	157,027	-
Unused Vacation Payment	500		500	500	0
Other Purchased and Technical Services	20,000		20,000	18,348	1,652
Other Purchased Services	6,400	7,500	13,900	6,036	7,864
Supplies and Materials	7,700	5,000	12,700	8,530	4,170
Other Objects	2,750		2,750	169	2,581
Total Undist. Expend. - Child Study Teams	765,778	(34,000)	731,778	696,349	35,429
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	505,200	(4,000)	501,200	478,446	22,754
Salaries of Secretarial and Clerical Assistants	70,464		70,464	62,858	7,606
Unused Vacation Payment	500	4,000	4,500	3,643	857
Purchased Professional - Educational Services	4,875		4,875	3,750	1,125
Other Purchased Prof. and Tech. Services	5,650		5,650	5,650	0
Other Purchased Services	6,500		6,500	273	6,227
Supplies and Materials	19,000		19,000	8,702	10,298
Other Objects	1,900		1,900	389	1,511
Total Undist. Expend. - Improvement of Inst. Serv.	614,089	-	614,089	558,061	56,028
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	392,135	(17,500)	374,635	327,728	46,907
Supplies and Materials	63,000	874	63,874	56,413	7,461
Total Undist. Expend. - Edu. Media Serv./Sch. Library	455,135	(16,626)	438,509	384,141	54,368

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	\$ 89,152		\$ 89,152	\$ 84,432	\$ 4,720
Salaries of Secretarial and Clerical Assistants	12,435		12,435	11,093	1,342
Purchased Professional - Educational Services	24,375	\$ 19,920	44,295	36,107	8,188
Other Purchased Prof. and Tech. Services	650		650		650
Other Purchased Services	21,500		21,500	5,371	16,129
Supplies and Materials	3,000		3,000		3,000
Other Objects	2,000		2,000		2,000
Total Undist. Expend. - Instructional Staff Training Serv.	153,112	19,920	173,032	137,003	36,029
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	532,879	59,500	592,379	588,501	3,878
Other Purchased Professional Services	55,400	25,000	80,400	74,089	6,311
Purchased Technical Services	167,000	172,330	339,330	260,127	79,203
Communications/Telephone	272,400		272,400	235,710	36,690
BOE Other Purchased Services	5,500		5,500		5,500
Other Purchased Services	161,320	30,000	191,320	131,399	59,921
Supplies and Materials	30,000		30,000	12,644	17,356
BOE Meeting Supplies	3,000		3,000	692	2,308
Miscellaneous Expenditures	47,775	150,000	197,775	191,629	6,146
BOE Membership Dues and Fees	39,500		39,500	36,954	2,546
Total Undist. Expend. - Supp. Serv. - General Admin.	1,314,774	436,830	1,751,604	1,531,745	219,859
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	2,047,313	25,000	2,072,313	2,065,024	7,289
Salaries of Secretarial and Clerical Assistants	698,525	(40,000)	658,525	639,744	18,781
Purchased Professional and Technical Services	500		500		500
Other Purchased Services	20,500		20,500	4,217	16,283
Supplies and Materials	112,363	(4,388)	107,975	64,766	43,209
Other Objects	14,000	675	14,675	11,742	2,933
Total Undist. Expend. - Support Serv. - School Admin.	2,893,201	(18,713)	2,874,488	2,785,493	88,995
Undist. Expend. - Support Serv.-Central Services					
Salaries	860,862	10,000	870,862	866,685	4,177
Purchased Professional Services	500		500		500
Purchased Technical Services	500		500		500
Other Purchased Services	32,400	100	32,500	25,708	6,792
Supplies and Materials	28,100	28,032	56,132	42,401	13,731
Other Objects	4,000		4,000	2,905	1,095
Total Undist. Expend. - Support Serv.-Central Services	926,362	38,132	964,494	937,699	26,795
Undist. Expend. - Support Serv. - Admin. Info. Technology					
Salaries	574,640	5,000	579,640	577,815	1,825
Purchased Professional Services	1,000		1,000		1,000
Purchased Technical Services	4,500		4,500	3,420	1,080
Other Purchased Services	12,500		12,500	9,562	2,938
Supplies and Materials	122,500	108,085	230,585	200,777	29,808
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Support Serv.- Admin. Info. Technology	716,140	113,085	829,225	791,574	37,651
Undist. Expend. - Required Maint. For Sch. Facilities					
Salaries	530,658		530,658	480,048	50,610
Unused Vacation Payment	500		500		500
Cleaning, Repair and Maintenance Services	540,392	242,197	782,589	539,092	243,497
General Supplies	174,500	20,556	195,056	165,844	29,212
Total Undist. Expend. - Required Maint. For Sch. Facilities	1,246,050	262,753	1,508,803	1,184,984	323,819

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	\$ 2,020,231	\$ (7,000)	\$ 2,013,231	\$ 1,947,939	\$ 65,292
Unused Vacation Payment	500	5,000	5,500	2,965	2,535
Purchased Professional and Technical Services	535,000	6,985	541,985	438,832	103,153
Cleaning, Repair and Maintenance Services	384,423	3,387	387,810	321,570	66,240
Lease Purchase Payment - ESIP	720,000	280,000	1,000,000	989,848	10,152
Other Purchased Property Services	170,900		170,900	111,535	59,365
Insurance	267,500	10,000	277,500	266,750	10,750
Miscellaneous Purchased Services	5,000		5,000	3,028	1,972
General Supplies	177,500	4,917	182,417	124,392	58,025
Energy (Natural Gas)	401,055		401,055	354,111	46,944
Energy (Electricity)	1,158,458		1,158,458	1,038,303	120,155
Other Objects	15,000	992	15,992	8,734	7,258
Total Undist. Expend. - Other Oper. & Maint. Of Plant	5,855,567	304,281	6,159,848	5,608,007	551,841
Care and Upkeep of Grounds					
Salaries	508,184		508,184	504,524	3,660
Unused Vacation Payment	500	2,000	2,500	2,267	233
Purchased Professional and Technical Services	500		500		500
Cleaning, Repair and Maintenance Services	160,000	2,658	162,658	111,588	51,070
General Supplies	70,000		70,000	56,419	13,581
Other Objects	1,000		1,000	52	948
Total Care and Upkeep of Grounds	740,184	4,658	744,842	674,850	69,992
Security					
Purchased Professional and Technical Services	325,000	(35,000)	290,000	195,562	94,438
Cleaning, Repair and Maintenance Services	22,500	14,958	37,458	20,883	16,575
General Supplies	15,000	5,000	20,000	19,980	20
Other Objects	1,000		1,000		1,000
Total Security	363,500	(15,042)	348,458	236,425	112,033
Undist. Expend. - Student Transportation Serv.					
Salaries	25,750	5,000	30,750	26,125	4,625
Contract Services (Other than Between Home & Sch)-Vendors	186,165	5,882	192,047	66,246	125,801
Total Undist. Expend. - Student Transportation Serv.	211,915	10,882	222,797	92,371	130,426
Unallocated Benefits					
Social Security Contributions	505,000	40,000	545,000	528,259	16,741
Other Retirement Contributions - Regular	780,000	2,000	782,000	780,303	1,697
Unemployment Compensation	92,440	(42,000)	50,440	10,805	39,635
Workmen's Compensation	354,500		354,500	315,383	39,117
Health Benefits	6,813,728	(570,000)	6,243,728	5,914,189	329,539
Tuition Reimbursement	100,000		100,000	90,098	9,902
Unused Sick Payment	80,000	25,000	105,000	70,400	34,600
Total Unallocated Benefits	8,725,668	(545,000)	8,180,668	7,709,437	471,231
TPAF Social Security (Reimbursed - Non-Budgeted)				1,347,153	(1,347,153)
TPAF Pension (On-Behalf - Non-Budgeted)				4,940,744	(4,940,744)
TPAF Post-Retirement Medical Contribution (Non-Budgeted)				1,551,929	(1,551,929)
Total On-behalf Contributions				7,839,826	(7,839,826)
Total Personal Services-Employee Benefits	8,725,668	(545,000)	8,180,668	15,549,263	(7,368,595)
Total Undistributed Expenditures	26,937,634	420,160	27,357,794	32,898,569	(5,540,775)
Total General Current Expense	42,138,544	625,492	42,764,036	47,083,887	(4,319,851)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services					
Equipment	75,000	-	75,000		75,000
Construction Services	625,000		625,000	435,429	189,571
Assessment for Debt Serv on SDA Funding	98,382		98,382	98,382	
Total Facilities Acquisition and Construction Services	798,382	-	798,382	533,811	264,571.00
Total Capital Outlay	798,382	-	798,382	533,811	264,571

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Schools:					
Post - Secondary Programs - Instruction					
Salaries of Teachers	\$ 597,860	\$ 7,500	\$ 605,360	\$ 599,707	\$ 5,653
Purchased Prof. and Tech. Services	5,800		5,800		5,800
Other Purchased Services	5,200		5,200		5,200
General Supplies	65,500	(2,960)	62,540	32,531	30,009
Textbooks	4,675		4,675		4,675
Other Objects	3,200		3,200	100	3,100
Total Post - Secondary Programs - Instruction	682,235	4,540	686,775	632,338	54,437
Post - Secondary Programs - Support Services					
Salaries	90,300	(7,500)	82,800	72,999	9,801
Unused Vacation Payment	500	3,000	3,500	2,408	1,092
Other Purchased Services	2,000		2,000	83	1,917
Supplies and Materials	4,000		4,000	383	3,617
Other Objects	2,000		2,000	70	1,930
Total Post - Secondary Programs - Support Services	98,800	(4,500)	94,300	75,943	18,357
Total Post - Secondary Programs	781,035	40	781,075	708,281	72,794
Vocational Evening-Local-Instruction					
Salaries of Teachers	237,510		237,510	160,935	76,575
Other Salaries for Instruction	1,000		1,000		1,000
General Supplies	84,900	225	85,125	9,163	75,962
Textbooks	16,300		16,300		16,300
Total Vocational Evening-Local-Instruction	339,710	225	339,935	170,098	169,837
Vocational Evening-Local-Support Serv.					
Salaries	301,689		301,689	292,834	8,855
Unused Vacation Payment	500		500		500
Supplies and Materials	23,750	5,233	28,983	15,690	13,293
Other Objects	28,250		28,250	7,489	20,761
Total Vocational Evening-Local-Support Serv.	354,189	5,233	359,422	316,013	43,409
Total Vocational Evening-Local	693,899	5,458	699,357	486,111	213,246
Total Special Schools	1,474,934	5,498	1,480,432	1,194,392	286,040
Total Expenditures	44,411,860	630,990	45,042,850	48,812,090	(3,769,240)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(1,300,000)	(630,990)	(1,930,990)	1,631,927	3,562,917
Fund Balance, July 1	6,787,159		6,787,159	6,787,159	
Fund Balance, June 30	\$ 5,487,159	\$ (630,990)	\$ 4,856,169	\$ 8,419,086	\$ 3,562,917
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (1,300,000)		\$ (1,300,000)	\$ 2,262,917	\$ 3,562,917
Adjustment for prior year encumbrances		\$ (630,990)	(630,990)	(630,990)	
Total	\$ (1,300,000)	\$ (630,990)	\$ (1,930,990)	\$ 1,631,927	\$ 3,562,917
Recapitulation of fund balance:					
Restricted Fund Balance:					
Capital reserve account - restricted				\$ 2,400,100	
Excess Surplus - Designated for Subsequent Year's Expenditures				507,584	
Excess Surplus - Current Year				1,335,134	
Assigned Fund Balance:					
Year-end encumbrances - assigned				925,516	
Designated for subsequent year's expenditures - assigned				792,416	
Unassigned Fund Balance				<u>2,458,336</u>	
				8,419,086	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				<u>(1,464,897)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 6,954,189</u>	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
Special Revenue Fund
Year Ended June 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 382,258	\$ (214,279)	\$ 167,979	\$ 461,026	\$ 293,047
State Sources	131,591	(749)	130,842	130,842	-
Federal Sources	5,986,014	(2,368,661)	3,617,353	3,617,353	-
Total Revenues	<u>6,499,863</u>	<u>(2,583,689)</u>	<u>3,916,174</u>	<u>4,209,221</u>	<u>293,047</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	1,252,867	(571,782)	681,085	681,085	-
Purchased Professional and Technical Services	86,638	(56,013)	30,625	30,625	-
Other Purchased Services	34,879	(2,804)	32,075	32,075	-
General Supplies	722,526	(53,420)	669,106	669,106	-
Total Instruction	<u>2,096,910</u>	<u>(684,019)</u>	<u>1,412,891</u>	<u>1,412,891</u>	<u>-</u>
Support Services					
Salaries of Other Professional Staff	934,291	(332,365)	601,926	601,926	-
Personal Services - Employee Benefits	634,894	(203,148)	431,746	431,746	-
Other Purchased Professional Services	318,718	(227,883)	90,835	90,835	-
Purchased Property Services	50,000	(50,000)	-	-	-
Travel	13,004	(13,004)	-	-	-
Other Purchased Services	187,987	(137,343)	50,644	50,644	-
Supplies & Materials	432,475	(167,767)	264,708	264,708	-
Student Activities	-	-	-	246,795	(246,795)
Scholarship Miscellaneous expense	-	-	-	207	(207)
Total Support Services	<u>2,571,369</u>	<u>(1,131,510)</u>	<u>1,439,859</u>	<u>1,686,861</u>	<u>(247,002)</u>
Facilities Acquisition and Construction Services					
Building	720,719	(720,719)	-	-	-
Instructional Equipment	1,079,865	(16,441)	1,063,424	1,063,424	-
Non Instructional Equipment	31,000	(31,000)	-	-	-
Total Facilities Acquisition and Construction Services	<u>1,831,584</u>	<u>(768,160)</u>	<u>1,063,424</u>	<u>1,063,424</u>	<u>-</u>
Total Expenditures	<u>6,499,863</u>	<u>(2,583,689)</u>	<u>3,916,174</u>	<u>4,163,176</u>	<u>(247,002)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,045</u>	<u>\$ 46,045</u>
Fund Balance, July 1				-	
Prior Period Adjustment				<u>169,992</u>	
Fund Balance, July 1 (Restated)				<u>169,992</u>	
Fund Balance, June 30				<u>\$ 216,037</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 210,404	
Scholarships				<u>5,633</u>	
Total Fund Balance				<u>\$ 216,037</u>	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
Budget to GAAP Reconciliation
Year Ended June 30, 2021**

**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	[C-1] \$ 50,444,017	[C-2] \$ 4,209,221
Difference - budgetary to GAAP:		
State aid payments recognized for budgetary purposes, not recognized for GAAP statements		
Prior year	1,447,447	
Current year	(1,464,897)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 50,426,567</u>	[B-2] <u>\$ 4,209,221</u>

Supplementary Information

Special Revenue Fund

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2021

Every Student Succeeds Act (E.S.S.A.)

	Total Brought Forward (Ex. E-1a)	Title I Part A Regular Program	Reallocated Title I	Title II Part A Regular Program	Title II Part A C/O Program	Title IV Regular Program	Title IV C/O Program	I.D.E.A Part B Regular Program	WSCC School Health Project PI	WSCC School Health Project WB	Carl Perkins Entitlement Secondary Program Federal	Carl Perkins Entitlement Secondary Program Reserve	Totals
REVENUES:													
Local Sources	\$ 461,026												\$ 461,026
State Sources	130,842												130,842
Federal Sources	1,531,959	\$ 496,595	\$ 7,284	\$ 50,116	\$ 25,044	\$ 46,767	\$ 14,475	\$ 616,784	\$ 5,343	\$ 5,084	\$ 746,349	\$ 71,553	3,617,353
Total Revenues	<u>\$ 2,123,827</u>	<u>\$ 496,595</u>	<u>\$ 7,284</u>	<u>\$ 50,116</u>	<u>\$ 25,044</u>	<u>\$ 46,767</u>	<u>\$ 14,475</u>	<u>\$ 616,784</u>	<u>\$ 5,343</u>	<u>\$ 5,084</u>	<u>\$ 746,349</u>	<u>\$ 71,553</u>	<u>\$ 4,209,221</u>
EXPENDITURES:													
Instruction													
Salaries of Teachers	\$ 154,074	\$ 305,990						\$ 122,857		\$ 1,917	\$ 96,247		\$ 681,085
Purchased Professional and Technical Services	900		\$ 5,500			\$ 16,325					8,000		30,625
Other Purchased Services	32,075												32,075
General Supplies	401,807	62,231	1,784			4,824	\$ 14,475				178,431	\$ 5,554	669,106
Total Instruction	<u>588,756</u>	<u>368,221</u>	<u>7,284</u>			<u>21,149</u>	<u>14,475</u>	<u>122,857</u>		<u>1,917</u>	<u>282,678</u>	<u>5,554</u>	<u>1,412,891</u>
Support Services													
Salaries of Other Professional Staff	256,888	2,880			\$ 16,000	5,616		308,792	\$ 1,510		10,240		601,926
Personal Services - Employee Benefits	64,894	121,244			1,224	2,408		185,135			56,841		431,746
Other Purchased Professional & Technical Services	23,549	4,250		\$ 50,116	7,620					1,980	3,120		90,635
Travel	-												
Other Purchased Services	47,244										3,400		50,644
Supplies & Materials	242,094					17,594			3,833	1,187			264,708
Student Activities	246,795												246,795
Scholarship Miscellaneous expense	207												207
Total Support Services	<u>881,671</u>	<u>128,374</u>		<u>50,116</u>	<u>25,044</u>	<u>25,618</u>		<u>493,927</u>	<u>5,343</u>	<u>3,167</u>	<u>73,601</u>		<u>1,686,861</u>
Facilities Acquisition and Construction Services													
Instructional Equipment	607,355										390,070	65,999	1,063,424
Total Facilities Acquisition and Construction Services	<u>607,355</u>										<u>390,070</u>	<u>65,999</u>	<u>1,063,424</u>
Total Expenditures	<u>\$ 2,077,782</u>	<u>\$ 496,595</u>	<u>\$ 7,284</u>	<u>\$ 50,116</u>	<u>\$ 25,044</u>	<u>\$ 46,767</u>	<u>\$ 14,475</u>	<u>\$ 616,784</u>	<u>\$ 5,343</u>	<u>\$ 5,084</u>	<u>\$ 746,349</u>	<u>\$ 71,553</u>	<u>\$ 4,163,176</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 46,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,045
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	169,992												169,992
Fund Balance, July 1 (Restated)	169,992												169,992
Fund Balance, June 30	\$ 216,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,037

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2021

	Total Brought Forward (Ex. E-1b)	Carl Perkins Entitlement Postsecondary Program State	Pre-Apprentice in Career Education	CTSO HOSA Grant	CTSO HOSA Grant Jul/Aug	Pre ETS Grant	YTTW Grant C/O	County Cares Act	Cares Act	Digital Divide Grant	Coronavirus Relief Fund	ESSER II	Total Carried Forward
REVENUES:													
Local Sources	\$ 461,026												\$ 461,026
State Sources		\$ 129,297					\$ 1,545						130,842
Federal Sources			\$ 93,349	\$ 115,743	\$ 20,078	\$ 55,643		\$ 578,930	\$ 295,256	\$ 64,574	\$ 167,965	\$ 140,421	1,531,959
Total Revenues	\$ 461,026	\$ 129,297	\$ 93,349	\$ 115,743	\$ 20,078	\$ 55,643	\$ 1,545	\$ 578,930	\$ 295,256	\$ 64,574	\$ 167,965	\$ 140,421	\$ 2,123,827
EXPENDITURES:													
Instruction													
Salaries of Teachers	\$ 64,764		\$ 28,680			\$ 5,952			\$ 54,678				\$ 154,074
Purchased Professional and Technical Services	-	\$ 800											800
Other Purchased Services	2,000		30,075										32,075
General Supplies	7,827	98,904	34,594			10,610	\$ 1,545		144,809	\$ 64,574	\$ 38,944		401,807
Total Instruction	74,591	99,704	93,349			16,562	1,545		199,487	64,574	38,944		588,756
Support Services													
Salaries of Other Professional Staff	52,626	1,085		\$ 81,951	\$ 17,824	21,902			57,020		24,480		256,888
Personal Services - Employee Benefits	17,116	83		9,733	2,032	17,179			18,751				64,894
Other Purchased Professional & Technical Services	600			2,950					3,999			\$ 16,000	23,549
Travel	-												-
Other Purchased Services	22,396			20,843	222								47,244
Supplies & Materials	650			266					15,999		104,541	120,638	242,094
Student Activities	246,795												246,795
Scholarship Miscellaneous expense	207												207
Total Support Services	340,390	1,168		115,743	20,078	39,081			95,769		129,021	140,421	881,671
Facilities Acquisition and Construction Services													
Instructional Equipment		28,425						\$ 578,930					607,355
Facilities Acquisition and Construction Services		28,425						578,930					607,355
Total Expenditures	414,981	129,297	93,349	115,743	20,078	55,643	1,545	578,930	295,256	64,574	167,965	140,421	2,077,782
Excess (Deficiency) of Revenues Over (Under) Expenditures	46,045	-	-	-	-	-	-	-	-	-	-	-	46,045
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	169,992	-	-	-	-	-	-	-	-	-	-	-	169,992
Fund Balance, July 1 (Restated)	169,992	-	-	-	-	-	-	-	-	-	-	-	169,992
Fund Balance, June 30	\$ 216,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,037

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2021

	Mindfulness Grant	Preapprentice Port Authority Grant	NJSBAIG Safety Grant	Walmart Grant	Arts Integration	Inmate Education		Alcohol Adolescents Program	NJ Stem Grant	Student Activity Fund	Scholarship Fund	Total Carried Forward
						Regular Program	Carryover					
REVENUES:												
Local Sources	\$ 650	\$ 4,951	\$ 21,395	\$ 6,721	\$ 2,000	\$ 38,864	\$ 39,697	\$ 53,226	\$ 475	\$ 293,038	\$ 9	\$ 461,026
Total Revenues	<u>\$ 650</u>	<u>\$ 4,951</u>	<u>\$ 21,395</u>	<u>\$ 6,721</u>	<u>\$ 2,000</u>	<u>\$ 38,864</u>	<u>\$ 39,697</u>	<u>\$ 53,226</u>	<u>\$ 475</u>	<u>\$ 293,038</u>	<u>\$ 9</u>	<u>\$ 461,026</u>
EXPENDITURES												
Instruction												
Salaries of Teachers				\$ 3,720		\$ 30,723	\$ 30,121		\$ 200			\$ 64,764
Purchased Professional and Technical Services					\$ 2,000							2,000
Other Purchased Services						106	495			275		7,827
General Supplies		\$ 4,951										-
Other Objects												-
Total Instruction		<u>4,951</u>		<u>5,720</u>	<u>2,000</u>	<u>30,829</u>	<u>30,616</u>		<u>475</u>			<u>74,591</u>
Support Services												
Salaries of Other Professional Staff								\$ 52,626				52,626
Personal Services - Employee Benefits							8,035	9,081				17,116
Other Purchased Professional & Technical Services												600
Travel								600				-
Other Purchased Services			\$ 21,395	\$ 1,001								22,396
Supplies & Materials	\$ 650											650
Student Activities										\$ 246,795		246,795
Scholarship Miscellaneous expense											\$ 207	207
Total Support Services	<u>650</u>		<u>21,395</u>	<u>1,001</u>		<u>8,035</u>	<u>9,081</u>	<u>53,226</u>		<u>246,795</u>	<u>207</u>	<u>340,390</u>
Total Expenditures	<u>650</u>	<u>4,951</u>	<u>21,395</u>	<u>6,721</u>	<u>2,000</u>	<u>38,864</u>	<u>39,697</u>	<u>53,226</u>	<u>475</u>	<u>246,795</u>	<u>207</u>	<u>414,981</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	46,243.0000	(198.0000)	46,045.0000
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	164,161.0000	5,831.0000	169,992.0000
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	-	-	-	164,161	5,831	169,992
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,404</u>	<u>\$ 5,633</u>	<u>\$ 216,037</u>

Capital Projects Fund

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Summary Schedule of Project Expenditures - Budgetary Basis
Year Ended June 30, 2021**

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2021</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Insurance Reimbursements - Superstorm Sandy	7/1/2012	\$ 50,183			\$ 50,183
Capital Outlay - County	7/1/2014	1,752,649	\$ 1,742,381		10,268
Energy Savings Improvement Plan	7/1/2014	11,300,000	11,242,550	\$ 526	56,924
E-Rate	7/1/2016	177,257	177,257		
Capital Reserve Transfer	7/1/2017	450,000	382,240	8,322	59,438
Capital Outlay -County	7/1/2018	3,100,000	2,904,763	186,856	8,381
Capital Outlay -County	7/1/2019	3,100,000	1,680,575	1,272,686	146,739
E-Rate	7/1/2019	8,690	8,690		
Energy Savings Improvement Plan	7/1/2019	4,878,200	864,273	3,475,551	538,376
Capital Outlay -County	7/1/2020	3,500,000		1,557,734	1,942,266
Interest Income	6/30/2021	37,140			37,140
		<u>\$ 28,354,119</u>	<u>\$ 19,002,729</u>	<u>\$ 6,501,675</u>	<u>\$ 2,849,715</u>

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund**

**Summary Schedule of Revenues, Expenditures and Changes in Fund Balance-Budgetary Basis
Year Ended June 30, 2021**

Revenue	
County Capital Contribution	\$ 3,500,000
Interest Income	1,416
Total Revenue	<u>3,501,416</u>
Expenditures	
Purchased Professional and Technical Services	823,774
Construction Services	5,173,096
Other Objects	10,486
Equipment Purchases	494,319
Total Expenditures	<u>6,501,675</u>
(Deficiency) of revenues over expenditures	(3,000,259)
Fund Balance - Beginning - July 1	5,849,974
Fund Balance - Ending - June 30	<u>\$ 2,849,715</u>

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund**

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2021**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2014/2015	\$ 1,752,649		\$ 1,752,649
Total Revenue and Other Financing Sources	1,752,649	-	1,752,649
Expenditures			
Purchased Professional and Technical Services	36,976		36,976
Construction Services	1,397,258		1,397,258
Other Objects	1,720		1,720
Equipment Purchases	306,427		306,427
Total Expenditures	1,742,381	-	1,742,381
Excess (deficiency) of revenues Over (under) expenditures	\$ 10,268	\$ -	\$ 10,268
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 1,691,983		
Additional Eligible Cost	60,666		
Revised Eligible Cost	\$ 1,752,649		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		99%	
Original Target Completion Date		Jun-16	
Revised Target Completion Date		Complete	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund**

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Energy Savings Improvement Program
Year Ended June 30, 2021**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
Lease Purchases	\$ 11,300,000		\$ 11,300,000
Total Revenue and Other Financing Sources	11,300,000		11,300,000
Expenditures			
Purchased Professional and Technical Services	2,558,118	\$ 526	2,558,644
Construction Services	8,646,622		8,646,622
Other Objects	37,810		37,810
Equipment Purchases			
Total Expenditures	11,242,550	526	11,243,076
Excess (deficiency) of revenues Over (under) expenditures	\$ 57,450	\$ (526)	\$ 56,924
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 11,300,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 11,300,000		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		99%	
Original Target Completion Date		Jun-16	
Revised Target Completion Date		Jun-22	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2021**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2016/2017	\$ 3,000,000		\$ 3,000,000
E-Rate	177,257		177,257
Total Revenue and Other Financing Sources	<u>3,177,257</u>		<u>3,177,257</u>
Expenditures			
Purchased Professional and Technical Services	167,723		167,723
Construction Services	2,519,543		2,519,543
Other Objects	6,737		6,737
Equipment Purchases	483,254		483,254
Total Expenditures	<u>3,177,257</u>	<u>-</u>	<u>3,177,257</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 3,000,000		
Additional Eligible Cost	177,257		
Revised Eligible Cost	\$ 3,177,257		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		100%	
Original Target Completion Date		Jun-17	
Revised Target Completion Date		Complete	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2021**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2017/2018	\$ 3,000,000		\$ 3,000,000
Transfer from Capital Reserve	450,000		450,000
Total Revenue and Other Financing Sources	<u>3,450,000</u>		<u>3,450,000</u>
Expenditures			
Purchased Professional and Technical Services	367,535	\$ 723	368,258
Construction Services	2,829,464		2,829,464
Other Objects	17,165		17,165
Equipment Purchases	168,076	7,599	175,675
Total Expenditures	<u>3,382,240</u>	<u>8,322</u>	<u>3,390,562</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 67,760</u>	<u>\$ (8,322)</u>	<u>\$ 59,438</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 3,450,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 3,450,000		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		98%	
Original Target Completion Date		Jun-18	
Revised Target Completion Date		Jun-22	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2021**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2018/2019	\$ 3,100,000		\$ 3,100,000
Total Revenue and Other Financing Sources	<u>3,100,000</u>		<u>3,100,000</u>
Expenditures			
Purchased Professional and Technical Services	223,763	\$ 265	224,028
Construction Services	2,537,824		2,537,824
Other Objects	9,013		9,013
Equipment Purchases	134,163	186,591	320,754
Total Expenditures	<u>2,904,763</u>	<u>186,856</u>	<u>3,091,619</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 195,237</u>	<u>\$ (186,856)</u>	<u>\$ 8,381</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 3,100,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 3,100,000		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		100%	
Original Target Completion Date		Jun-19	
Revised Target Completion Date		Jun-22	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2021**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2019/2020	\$ 3,100,000		\$ 3,100,000
E-Rate	8,690		8,690
Total Revenue and Other Financing Sources	<u>3,108,690</u>	<u>-</u>	<u>3,108,690</u>
Expenditures			
Purchased Professional and Technical Services	248,199	\$ 26,637	274,836
Construction Services	1,202,271	1,216,128	2,418,399
Other Objects	9,050		9,050
Equipment Purchases	229,745	29,921	259,666
Total Expenditures	<u>1,689,265</u>	<u>1,272,686</u>	<u>2,961,951</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 1,419,425</u>	<u>\$ (1,272,686)</u>	<u>\$ 146,739</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 3,100,000		
Additional Eligible Cost	8,690		
Revised Eligible Cost	\$ 3,108,690		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		95%	
Original Target Completion Date		Jun-20	
Revised Target Completion Date		Jun-22	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund**

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Energy Savings Improvement Program
Year Ended June 30, 2021**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
Lease Purchases	\$ 4,878,200		\$ 4,878,200
Total Revenue and Other Financing Sources	4,878,200	-	4,878,200
Expenditures			
Purchased Professional and Technical Services	864,273	\$ 459,959	1,324,232
Construction Services		3,015,592	3,015,592
Other Objects			
Equipment Purchases			
Total Expenditures	864,273	3,475,551	4,339,824
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 4,013,927</u>	<u>\$ (3,475,551)</u>	<u>\$ 538,376</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 4,878,200		
Additional Eligible Cost			
Revised Eligible Cost	\$ 4,878,200		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		89%	
Original Target Completion Date		Jun-20	
Revised Target Completion Date		Jun-22	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund**

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2021**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2020/2021	-	\$ 3,500,000	\$ 3,500,000
Total Revenue and Other Financing Sources	-	3,500,000	3,500,000
Expenditures			
Purchased Professional and Technical Services		335,664	335,664
Construction Services		941,376	941,376
Other Objects		10,486	10,486
Equipment Purchases		270,208	270,208
Total Expenditures	-	1,557,734	1,557,734
Excess (deficiency) of revenues Over (under) expenditures	-	\$ 1,942,266	\$ 1,942,266
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 3,500,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 3,500,000		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		45%	
Original Target Completion Date		Jun-21	
Revised Target Completion Date		Not determinable	

Fiduciary Fund

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Schedule of Amount Held On-Behalf of Third Party
HOSA Agency Fund
Year Ended June 30, 2021**

	<u>HOSA Agency Fund</u>
ADDITIONS	
Contributions:	
Conference Fees	\$ 66,635
Membership Fees	31,459
	<u>98,094</u>
Miscellaneous income	<u>132</u>
Total additions	<u>98,226</u>
DEDUCTIONS	
Conference Registration fees	10,420
Supplies	10,062
Scholarships awarded	15,500
Rental	5,033
Other purchased services	6,750
Travel	120
Total deductions	<u>47,885</u>
Change	50,341
Amount held on-behalf of third party — beginning of the year	<u>136,670</u>
Amount held on-behalf of third party — end of the year	<u>\$ 187,011</u>

Long-Term Debt

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Schedule of Obligations Under Lease Purchases
Year Ended June 30, 2021

I-2

Purpose	Interest Rate	Amount of Original Issue	Balance Balance July 1, 2020	Issued	Paid	Balance June 30, 2021
Energy Conservation	2.5185%	\$ 11,300,000	\$ 9,516,364	\$ -	\$ 421,915	\$ 9,094,449
Energy Conservation	1.4140%	4,878,200	4,878,200		265,032	4,613,168
			\$ 14,394,564	\$ -	\$ 686,947	\$ 13,707,617

Statistical Section

Statistical Section
Unaudited

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.*

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Net Position by Component
Last Ten Fiscal Years
Unaudited
(accrual basis of accounting)**

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021
Governmental activities										
Net investment in capital assets	\$ 64,418,541	\$ 66,265,008	\$ 66,298,193	\$ 67,537,157	\$ 68,853,997	\$ 69,374,863	\$ 70,995,591	\$ 72,180,605	\$ 68,678,300	\$ 73,720,391
Restricted	3,981,049	2,919,426	3,679,450	3,226,677	3,961,033	3,952,931	3,260,916	3,201,136	8,037,190	6,770,194
Unrestricted (deficit)	1,002,500	949,902	817,724	(13,068,657)	(13,124,793)	(14,307,778)	(14,577,721)	(14,541,454)	(14,150,451)	(14,206,660)
Total governmental activities net position	<u>\$ 69,402,090</u>	<u>\$ 70,134,336</u>	<u>\$ 70,795,367</u>	<u>\$ 57,695,177</u>	<u>\$ 59,690,237</u>	<u>\$ 59,020,016</u>	<u>\$ 59,678,786</u>	<u>\$ 60,840,287</u>	<u>\$ 62,565,039</u>	<u>\$ 66,283,925</u>
Business-type activities										
Investment in capital assets	\$ 11,516	\$ 9,721	\$ 8,057	\$ 25,609	\$ 22,065	\$ 24,563	\$ 60,485	\$ 132,952	\$ 135,374	\$ 136,639
Unrestricted	45,167	59,931	58,037	90,919	146,033	211,984	266,586	248,069	88,890	229,900
Total business-type activities net position	<u>\$ 56,683</u>	<u>\$ 69,652</u>	<u>\$ 66,094</u>	<u>\$ 116,528</u>	<u>\$ 168,098</u>	<u>\$ 236,547</u>	<u>\$ 327,071</u>	<u>\$ 381,021</u>	<u>\$ 224,264</u>	<u>\$ 366,539</u>
District-wide										
Net investment in capital assets	\$ 64,430,057	\$ 66,274,729	\$ 66,306,250	\$ 67,562,766	\$ 68,876,062	\$ 69,399,426	\$ 71,056,076	\$ 72,313,557	\$ 68,813,674	\$ 73,857,030
Restricted	3,981,049	2,919,426	3,679,450	3,226,677	3,961,033	3,952,931	3,260,916	3,201,136	8,037,190	6,770,194
Unrestricted (deficit)	1,047,667	1,009,833	875,761	(12,977,738)	(12,978,760)	(14,095,794)	(14,311,135)	(14,293,385)	(14,061,561)	(13,976,760)
Total district net position	<u>\$ 69,458,773</u>	<u>\$ 70,203,988</u>	<u>\$ 70,861,461</u>	<u>\$ 57,811,705</u>	<u>\$ 59,858,335</u>	<u>\$ 59,256,563</u>	<u>\$ 60,005,857</u>	<u>\$ 61,221,308</u>	<u>\$ 62,789,303</u>	<u>\$ 66,650,464</u>

Source: ACFR Schedule A-1 and District records.

GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$13,633,671. This amount is not reflected in the June 30, 2014 Net Position above.

GASB 84 was implemented during the 2021 fiscal year, which required the restatement of beginning net position in the amount of \$169,992.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Changes in Net Position
Last Ten Fiscal Years
Unaudited
(accrual basis of accounting)**

	2021	2020	2019	2018	Fiscal Year Ended June 30, 2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities										
Instruction										
Regular	\$ 10,632,497	\$ 9,685,807	\$ 10,718,554	\$ 12,222,730	\$ 11,635,410	\$ 10,307,538	\$ 9,948,028	\$ 8,270,558	\$ 8,456,946	\$ 7,922,226
Other special instruction	207,569	160,740	182,506	234,427	216,129	205,640	191,623	162,138	171,658	163,490
Vocational	13,110,457	12,144,420	13,348,904	15,690,140	14,404,618	13,082,690	12,585,189	11,254,516	10,983,617	10,566,743
Other instruction	906,489	897,586	1,060,995	1,174,394	1,042,272	974,667	868,378	764,677	730,939	628,912
Support Services:										
Support services - students & instruction	7,085,263	6,262,241	7,063,782	8,218,438	7,388,852	6,636,688	6,509,940	5,841,283	6,130,209	5,662,462
School administrative services	4,750,193	4,536,531	4,953,371	5,863,013	5,352,252	4,507,749	1,603,265	3,883,373	3,820,950	3,875,926
General administrative services	1,916,559	1,508,302	1,577,011	1,947,997	1,867,246	1,655,094	4,383,951	1,399,392	1,422,230	1,376,369
Plant operations and maintenance	8,909,083	8,865,310	9,135,194	10,112,693	9,488,523	9,006,236	8,833,953	8,419,669	8,087,010	7,769,241
Pupil transportation	92,371	168,874	213,877	184,127	173,030	182,001	183,989	158,097	150,246	97,885
Other Support Services	2,668,759	2,409,305	2,366,024	3,087,012	2,713,222	2,486,937	2,099,542	1,913,408	1,885,153	1,795,036
Special Schools	1,920,253	1,695,880	2,194,245	2,633,621	2,423,852	2,254,297	2,210,559	1,898,010	2,070,029	2,168,539
Interest Expense	300,100	251,485	253,618	277,874	287,798	286,471	53,756	-	-	-
Unallocated depreciation	3,338,114	3,315,457	3,175,828	2,949,643	2,557,841	2,215,122	2,135,750	2,135,093	2,002,468	1,883,850
Total governmental activities expenses	<u>55,837,707</u>	<u>51,901,938</u>	<u>56,243,909</u>	<u>64,596,109</u>	<u>59,551,045</u>	<u>53,801,130</u>	<u>51,607,923</u>	<u>46,100,214</u>	<u>45,911,455</u>	<u>43,910,679</u>
Business-type activities:										
Food service	569,582	690,075	704,751	635,954	679,432	651,573	642,294	682,870	682,939	606,486
Total business-type activities expense	<u>569,582</u>	<u>690,075</u>	<u>704,751</u>	<u>635,954</u>	<u>679,432</u>	<u>651,573</u>	<u>642,294</u>	<u>682,870</u>	<u>682,939</u>	<u>606,486</u>
Total district expenses	<u>\$ 56,407,289</u>	<u>\$ 52,592,013</u>	<u>\$ 56,948,660</u>	<u>\$ 65,232,063</u>	<u>\$ 60,230,477</u>	<u>\$ 54,452,703</u>	<u>\$ 52,250,217</u>	<u>\$ 46,782,884</u>	<u>\$ 46,594,394</u>	<u>\$ 44,517,165</u>
Operating grants and contributions	\$ 3,099,752	\$ 2,274,452	\$ 2,225,346	\$ 1,975,195	\$ 2,159,969	\$ 2,084,888	\$ 2,089,246	\$ 1,603,173	\$ 1,787,651	\$ 1,949,498
Capital grants and contributions	-	-	252,827	186,154	729,817	97,659	-	-	-	-
Total governmental activities program revenues	<u>3,099,752</u>	<u>2,274,452</u>	<u>2,225,346</u>	<u>2,228,022</u>	<u>2,346,123</u>	<u>2,814,705</u>	<u>2,186,905</u>	<u>1,603,173</u>	<u>1,787,651</u>	<u>1,949,498</u>
Business-type activities:										
Food service	3,786	170,568	272,516	248,098	260,886	251,358	239,175	230,385	252,010	257,829
Operating grants and contributions	708,071	362,750	486,185	478,380	486,995	451,785	453,553	448,727	422,879	371,330
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>711,857</u>	<u>533,318</u>	<u>758,701</u>	<u>726,478</u>	<u>747,881</u>	<u>703,143</u>	<u>692,728</u>	<u>679,112</u>	<u>674,889</u>	<u>629,159</u>
Total district program revenues	<u>\$ 3,811,609</u>	<u>\$ 2,807,770</u>	<u>\$ 2,984,047</u>	<u>\$ 2,954,500</u>	<u>\$ 3,094,004</u>	<u>\$ 3,517,848</u>	<u>\$ 2,879,633</u>	<u>\$ 2,282,285</u>	<u>\$ 2,462,540</u>	<u>\$ 2,578,657</u>
Net (Expense)/Revenue										
Governmental activities	\$ (52,737,955)	\$ (49,627,486)	\$ (54,018,563)	\$ (62,368,087)	\$ (57,204,922)	\$ (50,986,425)	\$ (49,421,018)	\$ (44,497,041)	\$ (44,123,804)	\$ (41,961,181)
Business-type activities	142,275	(156,757)	53,950,000	90,524,000	68,449	51,570	50,434	(3,558)	(8,050)	22,673
Total district-wide net expense	<u>\$ (52,595,680)</u>	<u>\$ (49,784,243)</u>	<u>\$ (53,964,613)</u>	<u>\$ (62,277,563)</u>	<u>\$ (57,136,473)</u>	<u>\$ (50,934,855)</u>	<u>\$ (49,370,584)</u>	<u>\$ (44,500,599)</u>	<u>\$ (44,131,854)</u>	<u>\$ (41,938,508)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 26,837,956	\$ 26,837,956	\$ 26,837,956	\$ 25,964,306	\$ 25,443,790	\$ 24,990,260	\$ 24,435,550	\$ 23,813,430	\$ 23,314,842	\$ 23,314,842
Unrestricted grants and contributions	24,704,277	19,592,734	23,991,400	32,403,759	26,510,054	23,466,398	21,160,476	16,832,840	17,132,804	15,990,034
County capital contribution	3,500,000	3,100,000	3,100,000	3,000,000	3,000,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000
E-Rate	-	8,690	-	-	177,257	-	-	-	-	-
Gain on refunding of bonds for ERIIP	-	-	-	-	-	-	-	-	-	-
Tuition received	537,375	559,618	507,425	681,891	689,538	714,812	624,349	707,455	695,788	697,332
Investment earnings	1,416	2,893	16,271	11,030	2,879	461	190	-	-	628
Miscellaneous income	875,817	1,080,355	727,012	965,871	711,183	709,554	633,934	704,347	612,616	571,039
Disposition of capital assets	-	-	-	-	-	-	-	-	-	-
Other financing (uses)	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>56,456,841</u>	<u>51,182,246</u>	<u>55,180,064</u>	<u>63,026,857</u>	<u>56,534,701</u>	<u>52,981,485</u>	<u>49,954,499</u>	<u>45,158,072</u>	<u>44,856,050</u>	<u>43,673,875</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	21,019	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,019</u>	<u>-</u>
Total district-wide	<u>\$ 56,456,841</u>	<u>\$ 51,182,246</u>	<u>\$ 55,180,064</u>	<u>\$ 63,026,857</u>	<u>\$ 56,534,701</u>	<u>\$ 52,981,485</u>	<u>\$ 49,954,499</u>	<u>\$ 45,158,072</u>	<u>\$ 44,877,069</u>	<u>\$ 43,673,875</u>
Change in Net Position										
Governmental activities	\$ 3,718,886	\$ 1,554,760	\$ 1,161,501	\$ 658,770	\$ (670,221)	\$ 1,995,060	\$ 533,481	\$ 661,031	\$ 732,246	\$ 1,712,694
Business-type activities	142,275	(156,757)	53,950	90,524	68,449	51,570	50,434	(3,558)	12,969	22,673
Total district	<u>\$ 3,861,161</u>	<u>\$ 1,398,003</u>	<u>\$ 1,215,451</u>	<u>\$ 749,294</u>	<u>\$ (601,772)</u>	<u>\$ 2,046,630</u>	<u>\$ 583,915</u>	<u>\$ 657,473</u>	<u>\$ 745,215</u>	<u>\$ 1,735,367</u>

Source: ACFR Schedule A-2 and District records.

Note: GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.
 GASB 84 was implemented during the 2021 fiscal year, which required the recognition of student activity reported as charges for services. This amount is not reflected in the June 30th prior revenue balances above.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Fund Balances - Governmental Funds
Last Ten Fiscal Years
Unaudited
(modified accrual basis of accounting)**

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021
General Fund										
Restricted for										
Assigned to	\$ 100	\$ 100	\$ 69,078	\$ 158,427	\$ 781,719	\$ 830,595	\$ 695,113	\$ 1,660,672	\$ 2,017,224	\$ 4,242,818
Unassigned	2,006,688	1,947,838	1,427,509	1,323,177	1,773,950	1,639,387	1,842,199	1,993,049	2,268,600	1,717,932
Total general fund	<u>\$ 2,865,569</u>	<u>\$ 2,704,997</u>	<u>\$ 2,506,925</u>	<u>\$ 2,499,995</u>	<u>\$ 3,538,350</u>	<u>\$ 3,550,840</u>	<u>\$ 3,634,430</u>	<u>\$ 4,737,535</u>	<u>\$ 5,339,712</u>	<u>\$ 6,954,189</u>
All Other Governmental Funds										
Restricted for:										
Capital Projects Fund	\$ 3,980,949	\$ 2,919,326	\$ 3,610,372	\$ 11,861,372	\$ 5,748,796	\$ 4,164,865	\$ 2,992,700	\$ 2,455,488	\$ 5,849,974	\$ 2,849,715
Special Revenue Fund									169,992	216,037
Total all other governmental funds	<u>\$ 3,980,949</u>	<u>\$ 2,919,326</u>	<u>\$ 3,610,372</u>	<u>\$ 11,861,372</u>	<u>\$ 5,748,796</u>	<u>\$ 4,164,865</u>	<u>\$ 2,992,700</u>	<u>\$ 2,455,488</u>	<u>\$ 6,019,966</u>	<u>\$ 3,065,752</u>
Total Fund Balances	<u>\$ 6,846,518</u>	<u>\$ 5,624,323</u>	<u>\$ 6,117,297</u>	<u>\$ 14,361,367</u>	<u>\$ 9,287,146</u>	<u>\$ 7,715,705</u>	<u>\$ 6,627,130</u>	<u>\$ 7,193,023</u>	<u>\$ 11,359,678</u>	<u>\$ 10,019,941</u>

Source: ACFR Schedule B-1 and District records.

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 footnote 1 in the basic financial statements). Prior years have not been restated above, nor are they required to be.

GASB 84 was implemented during the 2021 fiscal year, which required the establishment of new restricted fund balances for Student Activity and Scholarship accounts.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey**
**Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years**
Unaudited
(modified accrual basis of accounting)

	Fiscal year ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Tax levy and county capital contribution	\$ 30,337,956	\$ 29,937,956	\$ 29,937,956	\$ 28,964,306	\$ 28,443,790	\$ 28,090,260	\$ 27,535,550	\$ 26,913,430	\$ 26,414,842	\$ 26,414,842
Tuition charges	537,375	559,618	507,425	681,891	689,538	714,812	624,349	707,455	695,788	697,332
E-Rate					177,257					
Interest earnings	1,416	2,893	16,271	11,030	2,879	461	190		-	628
Miscellaneous	875,817	1,080,355	727,012	965,871	711,183	709,554	633,933	737,638	695,899	855,068
State sources	22,711,063	21,208,568	20,747,257	19,791,166	18,493,680	18,653,456	17,179,597	16,524,779	17,035,451	15,386,571
Federal sources	3,673,577	2,307,715	2,369,658	1,999,893	2,105,953	2,315,468	2,143,154	1,741,201	1,618,021	2,268,932
Total revenue	58,137,204	55,097,105	54,305,579	52,414,157	50,624,280	50,484,011	48,116,773	46,624,503	46,460,001	45,623,373
Expenditures										
Instruction										
Regular instruction	6,735,424	6,657,204	6,531,874	6,067,582	6,364,179	6,140,186	6,178,520	5,809,370	5,896,677	5,681,845
Other special instruction	125,435	106,348	105,477	109,636	112,091	117,509	114,223	111,567	115,830	113,345
Vocational education instruction	8,138,599	8,314,798	8,268,172	8,159,022	8,222,784	8,084,533	8,213,995	8,072,835	7,788,033	7,631,425
Other instruction	598,751	636,536	686,709	638,756	611,480	623,385	581,921	576,153	541,036	466,510
Support Services:										
Student & instruction related services	4,761,273	4,365,064	4,423,166	4,202,134	4,146,857	4,064,384	4,076,121	4,167,061	4,327,023	4,148,636
General administration	1,531,745	1,227,016	1,214,671	1,264,393	1,292,629	1,205,343	1,180,438	1,134,988	1,151,125	1,143,568
School administrative services	2,785,493	2,964,612	2,838,682	2,720,021	2,739,109	2,594,880	2,618,894	2,621,641	2,561,962	2,663,714
Plant operations and maintenance	7,704,266	7,828,206	7,544,983	7,749,335	7,308,870	6,780,044	6,748,295	7,014,912	6,630,454	6,459,037
Pupil transportation	92,371	168,874	213,877	184,127	173,030	182,001	183,989	158,097	150,246	97,885
Other support services	1,729,273	1,674,468	1,441,040	1,547,631	1,483,951	1,528,945	1,409,313	1,346,551	1,328,131	1,308,929
Employee benefits	15,981,009	14,852,027	15,058,237	14,172,407	13,121,441	12,366,833	11,823,832	10,954,986	11,294,910	10,358,244
Capital outlay	8,098,910	5,473,622	4,683,289	5,413,627	5,309,940	10,562,048	6,678,510	2,954,528	4,618,288	2,761,179
Special schools	1,194,392	1,149,313	1,298,753	1,274,061	1,309,360	1,308,141	1,364,652	1,345,582	1,462,181	1,553,257
Total expenditures	59,476,941	55,418,088	54,308,930	53,502,732	52,195,721	55,558,232	51,172,703	46,268,271	47,865,896	44,387,574
Excess (Deficiency) of revenues over (under) expenditures	(1,339,737)	(320,983)	(3,351)	(1,088,575)	(1,571,441)	(5,074,221)	(3,055,930)	356,232	(1,405,895)	1,235,799
Other Financing sources (uses)										
Insurance recovery related to other costs of Super Storm Sandy								136,742	183,700	
Lease purchase proceeds							11,300,000		-	-
Transfers in				450,000						
Transfers out				(450,000)						
Total other financing sources (uses)	-	-	-	-	-	-	11,300,000	136,742	183,700	-
Net change in fund balances	\$ (1,339,737)	\$ (320,983)	\$ (3,351)	\$ (1,088,575)	\$ (1,571,441)	\$ (5,074,221)	\$ 8,244,070	\$ 492,974	\$ (1,222,195)	\$ 1,235,799
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records; ACFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited**
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Sale of Materials	Registration Fees	Rentals	Prior Year Refunds	Sale of Obsolete Equipment	Miscellaneous	Annual Totals
2012	\$ 45,144	\$ 409,806	\$ 29,518	\$ 20,748		\$ 65,823	\$ 571,039
2013	37,592	322,456	20,274	2,493	\$ 46,101		428,916
2014	29,328	375,634	16,988	4,491	13,070	128,094	567,605
2015	30,433	362,138	18,820	2,944	27,610	32,151	474,096
2016	45,328	393,943	14,213	17,626	35,528	21,813	528,451
2017	32,969	380,972	18,723	27,892	9,074	56,171	525,801
2018	27,471	381,303	30,154	2,660	6,094	372,775	820,457
2019	35,061	411,529	33,050	4,834	4,940	68,026	557,440
2020	22,231	446,339	20,803	361	2,481	407,156	899,371
2021	505	336,884	2,700	18,150	10,890	45,662	414,791

Source: District records

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited**

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2012	819,389	\$ 43,784,051,215	\$ 53,435	8.5%
2013	821,811	43,124,532,225	52,475	7.4%
2014	824,331	44,484,198,084	53,964	6.0%
2015	825,471	45,423,192,717	55,027	5.0%
2016	825,298	46,758,083,488	56,656	4.4%
2017	826,972	48,203,370,908	58,289	4.1%
2018	825,677	50,376,205,124	61,012	3.6%
2019	824,394	52,313,570,058	63,457	3.1%
2020	822,736	N/A	N/A	8.7%
2021	N/A	N/A	N/A	N/A

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development.

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

^c Per capita personal income by municipality estimated based upon the 2014 Census published by the US Bureau of Economic Analysis.

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

N/A - Information was not available.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	77	79	82	86	81	85	80	79	79	82
Vocational	84	87	88	88	84	90	85	83	85	82
Support Services:										
Student & instruction related services	49	53	54	52	52	52	50	51	46	49
General administration	6	6	6	6	6	6	4	4	5	5
School administrative services	38	32	34	34	32	31	31	33	29	29
Central services	11	11	11	11	11	10	10	10	11	11
Administrative Information Technology	6	6	6	6	6	6	6	6	6	6
Plant operations and maintenance	48	48	48	49	49	49	48	48	50	48
Special Schools	18	16	15	15	15	16	14	13	13	11
Total	337	338	344	347	336	345	328	327	324	323

Source: District Personnel Records

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Operating Statistics
Last Ten Fiscal Years
Unaudited**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2012	2,279.5	\$ 43,247,608	\$ 18,972	4.53%	204	N/A	N/A	1:11.2	2,001.7	1,875.9	-2.14%	93.70%
2013	2,321.0	43,247,608	18,633	-1.79%	221	N/A	N/A	1:10.5	2,046.1	1,923.4	2.53%	94.00%
2014	2,436.0	43,313,743	17,781	-4.58%	222	N/A	N/A	1:11	1,983.3	1,856.1	-3.50%	93.59%
2015	2,441.5	44,494,193	18,224	2.49%	228	N/A	N/A	1:11	1,980.7	1,850.7	-0.29%	94.14%
2016	2,530.5	44,996,184	17,782	-2.43%	221	N/A	N/A	1:11	2,089.7	1,958.2	5.81%	93.71%
2017	2,534.0	46,885,781	18,503	4.06%	226	N/A	N/A	1:11	2,046.6	1,946.6	-0.59%	95.11%
2018	2,524.5	48,089,105	19,049	2.95%	215	N/A	N/A	1:12	2,047.6	1,946.7	0.00%	95.08%
2019	2,538.5	49,625,641	19,549	2.63%	218	N/A	N/A	1:10	2,077.0	1,979.4	1.68%	95.30%
2020	2,577.5	49,944,466	19,377	-0.88%	219	N/A	N/A	1:10	2,107.9	2,036.4	2.88%	96.61%
2021	2,552.0	51,378,031	20,132	2.98%	219	N/A	N/A	1:10	2,121.0	2,060.8	4.11%	97.16%

Sources: District records

Note: Enrollment based on annual October 15 District count.

- a Operating expenditures equal total expenditures less debt service and 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).

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
School Building Information
Last Ten Fiscal Years
Unaudited**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>District Building</u>										
<u>High School</u>										
Perth Amboy - New (2004)										
Square Feet	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000
Capacity (students)	442	442	442	442	442	442	442	442	442	442
Enrollment	295	299	298	294	295	292	285	289	284	274
Woodbridge (1938)										
Square Feet	52,754	52,754	52,754	52,754	52,754	52,754	52,754	52,754	52,754	52,754
Capacity (students)	221	221	221	221	221	221	221	221	221	221
Enrollment	182	252	272	292	315	317	312	311	316	294
East Brunswick (1970)										
Square Feet	278,124	278,124	278,124	278,124	278,124	278,124	278,124	278,124	278,124	278,124
Capacity (students)	985	985	985	985	985	985	985	985	985	985
Enrollment	616	651	665	679	708	717	711	739	743	752
Piscataway (1950)										
Square Feet	233,500	233,500	233,500	233,500	233,500	233,500	233,500	233,500	233,500	233,500
Capacity (students)	693	693	693	693	693	693	693	693	693	693
Enrollment	510	570	618	602	610	608	625	611	631	663
Academy (2000)										
Square Feet	29,900	29,900	29,900	29,900	29,900	29,900	29,900	29,900	29,900	29,900
Capacity (students)	119	119	119	119	119	119	119	119	119	119
Enrollment	156	161	167	167	166	160	159	159	166	168

Number of Schools at June 30, 2021
Senior High School = 5

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October 15, District count.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Schedule of Required Maintenance
Last Ten Fiscal Years
Unaudited**

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

<u>Fiscal Year</u>	<u>Perth Amboy New</u>	<u>Woodbridge</u>	<u>East Brunswick</u>	<u>Piscataway</u>	<u>Academy</u>	<u>Total</u>
2012	\$ 194,046	\$ 133,234	\$ 460,450	\$ 271,210	\$ 35,470	\$ 1,094,410
2013	215,613	121,421	565,391	317,535	42,536	1,262,496
2014	197,527	140,475	507,190	573,754	62,784	1,481,730
2015	202,987	125,611	343,924	334,754	55,076	1,062,352
2016	204,369	68,665	362,773	394,418	71,289	1,101,514
2017	212,725	96,241	385,806	440,345	41,094	1,176,211
2018	320,575	140,353	294,041	314,446	39,550	1,108,965
2019	115,444	138,704	428,930	283,289	39,660	1,006,027
2020	283,193	147,795	549,293	363,114	77,166	1,420,561
2021	205,222	66,582	383,199	486,193	43,788	1,184,984
Total School Facilities	<u>\$ 2,151,701</u>	<u>\$ 1,179,081</u>	<u>\$ 4,280,997</u>	<u>\$ 3,779,058</u>	<u>\$ 508,413</u>	<u>\$ 10,714,266</u>

Source: District records
School facilities as defined under EFCFA.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Insurance Schedule
Year Ended June 30, 2021
Unaudited**

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
1) School package - New Jersey School Boards Association Insurance Group		
A) Property Blanket Bldg & Contents	\$ 500,000,000	\$ 5,000
B) Comprehensive General Liability	11,000,000 Per occurrence	
	11,000,000 Personal & adv. injury limit	
	10,000 Medical expense limit	
	11,000,000 Employee benefits liabilities	
	11,000,000 Fire damage	
	100,000,000 Terrorism	
C) Crime Coverage	250,000 Public Employee Dishonesty	
	25,000 Theft	
	250,000 Forgery	
	50,000 Computer Fraud	
2) Comprehensive Automobile Liability - NJ School Boards Assoc. Ins. Group	11,000,000	
3) Boiler & Machinery - NJ School Boards Assoc. Ins. Group	100,000,000	5,000
4) School Board Legal Liability - NJ School Boards Assoc. Ins. Group	11,000,000	15,000
5) Environmental Impairment - NJ School Boards Assoc. Ins. Group	1,000,000	100,000
6) Nurses Liability - Evanston Insurance	1,000,000 Per medical incident	1,000
	3,000,000 Annual aggregate	1,000
7) Fidelity Bonds	285,000 Business Adm./Board Secretary	
	285,000 Treasurer	
8) Workers Compensation - NJ School Boards Assoc. Ins. Group	2,000,000 Each Accident	
	2,000,000 Aggregate Limit	
9) Excess workers comp - NJ School Boards Assoc. Ins. Group	100,000	Aggregate Limit
10) Excess weekly indemnity - NJ School Boards Assoc. Ins. Group	2,500	per week

Source: District Records

Single Audit Section

**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***

Independent Auditors' Report

**Honorable President and Members
of the Board of Education of the
Middlesex County Vocational and
Technical High Schools
County of Middlesex
East Brunswick, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Middlesex County Vocational and Technical High Schools, in the County of Middlesex, New Jersey (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 7, 2022.

Internal Control Over Financial Reporting

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

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

PKF O'CONNOR DAVIES, LLP
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**Honorable President and Members
of the Board of Education of the**

Middlesex County Vocational and Technical High Schools

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 the 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 7, 2022

David J. Gannon

David J. Gannon
Licensed Public School Accountant, No. 2305

**Report on Compliance For Each Major Federal and State Program and
on Internal Control Over Compliance Required by The Uniform Guidance
and New Jersey OMB 15-08**

Independent Auditors' Report

**Honorable President and Members
of the Board of Education of the
Middlesex County Vocational and
Technical High Schools
County of Middlesex
East Brunswick, New Jersey**

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Middlesex County Vocational and Technical High Schools', in the County of Middlesex, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*

**Honorable President and Members
of the Board of Education of the
Middlesex County Vocational and
Technical High Schools**

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(Uniform Guidance); 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

**Honorable President and Members
of the Board of Education of the
Middlesex County Vocational and
Technical High Schools**

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deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this 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 purpose.

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 7, 2022

David J. Gannon

David J. Gannon
Licensed Public School Accountant, No. 2305

THE BOARD OF EDUCATION
OF THE MIDDLESEX COUNTY VOCATIONAL AND TECHNICAL HIGH SCHOOLS
COUNTY OF MIDDLESEX

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2020	Carryover Amount	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	(Accounts Receivable) at June 30, 2021	Unearned Revenue at June 30, 2021	Due to Grantor at June 30, 2021
U.S. Department of Education													
Passed-Through State Department of Education:													
Medical Assistance Program	93.778	2005NJ5MAP	7/1/20-6/30/21	\$ 56,224				\$ 56,224	\$ (56,224)				
Total General Fund								56,224	(56,224)				
U.S. Department of Education													
Passed-Through State Department of Education:													
Title I	84.010A	S010A200030	7/1/20-9/30/21	561,427				311,651	(496,595)		\$ (184,944)		
Title I	84.010A	S010A190030	7/1/19-9/30/20	510,834	\$ (143,560)			143,560					
Reallocated Title I	84.010A	S010A200030	7/1/20-9/30/21	24,227				3,000	(7,284)		(4,284)		
Reallocated Title I	84.010A	S010A190030	7/1/19-6/30/20	18,143	(11,000)			11,000					
Subtotal Title I					(154,560)			469,211	(503,879)		(189,228)		
Title II - A	84.367	S367A200029	7/1/20-9/30/21	110,585				41,616	(50,116)		(8,500)		
Title II - A	84.367	S367A190029	7/1/19-9/30/20	122,486	(13,770)			38,814	(25,044)				
Subtotal Title II - A					(13,770)			80,430	(75,160)		(8,500)		
Title IV	84.424	S424A210031	7/1/20-9/30/21	73,618				32,818	(46,767)		(13,949)		
Title IV	84.424	S424A200031	7/1/19-9/30/20	64,542				14,475	(14,475)				
Subtotal Title IV								47,293	(61,242)		(13,949)		
I.D.E.A. Part B	84.027	S027A200100	7/1/20-9/30/21	616,784				399,081	(616,784)		(217,703)		
I.D.E.A. Part B	84.027	S027A190100	7/1/19-9/30/20	585,831	(191,181)			191,181					
Subtotal I.D.E.A. Part B					(191,181)			590,262	(616,784)		(217,703)		
Pre-Apprentice in Career Education (PACE)	84.051E	not available	6/1/19-11/30/20	115,000	(7,922)			101,271	(93,349)				
Carl Perkins - Entitlement Federal	84.048	S048A200030	7/1/20-6/30/21	746,349				657,504	(746,349)		(88,845)		
Carl Perkins - Entitlement Reserve	84.048	S048A200030	7/1/20-6/30/21	73,676				59,800	(71,553)		(11,753)		
Carl Perkins - Entitlement Federal	84.048	S048A190030	7/1/19-6/30/20	817,662	(188,599)			188,599					
Carl Perkins - Entitlement Reserve	84.048	S048A190030	7/1/19-6/30/20	73,933	(17,085)			17,085					
Subtotal Carl Perkins					(205,684)			922,988	(817,902)		(100,598)		
CTSO-HOSA	84.000	21BE60G06	9/1/20-9/31/21	158,500				74,810	(115,743)		(40,933)		
CTSO-HOSA	84.000	20BE60G06	9/1/19-9/31/20	146,500	(25,253)			45,331	(20,078)				
Subtotal CTSSO-HOSA					(25,253)			120,141	(135,821)		(40,933)		
WSSC School Health PI	84.000	not available	9/1/20-6/30/21	3,000		\$ 2,343		3,000	(5,343)				
WSSC School Health PI	84.000	not available	9/1/19-6/30/20	8,780	2,343	(2,343)							
WSSC School Health WB	84.000	not available	9/1/20-6/30/21	3,000		2,086		2,998	(5,084)				
WSSC School Health WB	84.000	not available	9/1/19-6/30/20	6,732	2,086	(2,086)							
Subtotal WSSC School Health					4,429	-		5,998	(10,427)				
Pre-Employment Transition Services	84.126A	not available	9/1/20-8/31/21	200,000				816	(55,643)		(54,827)		
Pre-Employment Transition Services	84.126A	not available	9/1/19-8/31/20	200,000	(1,152)			1,152					
Subtotal Pre-Employment Transition Services					(1,152)			1,968	(55,643)		(54,827)		
COVID-19 Cares ESSER I	84.425D	S425D200027	3/13/20-9/30/22	432,601				257,420	(295,256)		(37,836)		
COVID-19 Cares ESSER I - County	84.425D	S425D200027	3/13/20-9/30/22	578,930				578,930	(578,930)				
COVID-19 CRRSA-ESSER II	84.425D	S425D200027	3/13/20-9/30/23	1,679,283					(140,421)		(140,421)		
Subtotal Elementary and Secondary School Emergency Relief Fund								836,350	(1,014,607)		(178,257)		
COVID-19 Bridging the Digital Divide	21.019	S425D200027	7/16/20-10/31/20	64,574				64,574	(64,574)				
COVID-19 Coronavirus Aid Relief	21.019	S425D200027	3/13/20-12/30/20	167,965				167,965	(167,965)				
Subtotal Coronavirus Relief Fund								232,539	(232,539)				
Total Special Revenue					(595,093)	-		3,408,451	(3,617,353)		(803,995)		
U.S. Department of Agriculture													
Passed - Through State Department of Education:													
Child Nutrition Cluster:													
Food Donation Program (NC)	10.555	211NJ304N1099	7/1/20-6/30/21	39,737				39,737	(39,737)				
National School Lunch Program	10.555	211NJ304N1099	7/1/20-6/30/21	320,940				295,881	(320,940)		(25,059)		
National School Lunch Program	10.555	201NJ304N1099	7/1/19-6/30/20	229,034	(1,033)			1,033					
School Breakfast Program	10.553	211NJ304N1099	7/1/20-6/30/21	234,695				211,320	(234,695)		(23,375)		
School Breakfast Program	10.553	201NJ304N1099	7/1/19-6/30/20	85,939	(662)			662			(6,101)		
After School Snack Program	10.555	211NJ304N1099	7/1/20-6/30/21	16,713				10,612	(16,713)				
Subtotal Child Nutrition Cluster					(1,695)			559,245	(612,085)		(64,535)		
Federal PB Lunch - Healthy Hunger - Free Kids Act of 2010	10.555	211NJ304N1099	7/1/20-6/30/21	6,364				5,867	(6,364)		(497)		
Federal PB Lunch - Healthy Hunger - Free Kids Act of 2010	10.555	201NJ304N1099	7/1/19-6/30/20	6,758	(21)			21					
Emergency Operational Cost Program-Schools	10.555	202121H170341	7/1/20-6/30/21	72,432					(72,432)		(72,432)		
P-EBT Administrative Cost	10.649	202121S9000941	7/1/20-6/30/21	614					(614)		(614)		
Total Enterprise Fund					(1,716)			565,133	(691,495)		(128,078)		
Total Federal Awards					\$ (596,809)	\$ -	\$ -	\$ 4,029,808	\$ (4,365,072)	\$ -	\$ (932,073)	\$ -	\$ -

NC - represents noncash expenditures

See the accompanying notes to schedules of expenditures of federal awards and state financial assistance.

THE BOARD OF EDUCATION
OF THE MIDDLESEX COUNTY VOCATIONAL AND TECHNICAL HIGH SCHOOLS
COUNTY OF MIDDLESEX

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

State Grantor Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020			Balance at June 30, 2021			MEMO				
				Unearned Rev/ (Accts. Rec)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Canceled	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	\$ 12,743,678				\$ 11,478,702	\$ (12,743,678)				\$ (1,264,976)	\$ (12,743,678)	
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	1,421,678				1,280,559	(1,421,678)				(141,119)	(1,421,678)	
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	592,489				533,687	(592,489)				(58,802)	(592,489)	
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	12,558,679	\$ (1,247,426)			1,209,844							
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	1,421,678	(141,183)			141,183							
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	592,489	(58,838)			58,838							
TPAF Social Security Aid	21-495-034-5095-002	7/1/20-6/30/21	1,347,153				1,347,153	(1,347,153)					(1,347,153)	
On-Behalf TPAF Contributions:														
Pension Benefit Contributions	21-495-034-5094-002	7/1/20-6/30/21	4,940,744				4,940,744	(4,940,744)					(4,940,744)	
Long-Term Disability Insurance Contribution	21-495-034-5094-001	7/1/20-6/30/21	3,577				3,577	(3,577)					(3,577)	
Post Retirement Medical Contribution	21-495-034-5094-001	7/1/20-6/30/21	1,548,352				1,548,352	(1,548,352)					(1,548,352)	
Total General Fund				(1,447,447)			22,542,639	(22,597,671)				(1,464,897)	(22,597,671)	
Vocational Education-Apprentice Coordinator	20-100-034-5062-032	7/1/19-6/30/20	21,222	(9,898)			9,898						(129,297)	
Vocational Education-Carl Perkins Post-Secondary	21-100-034-5062-032	7/1/20-6/30/21	129,341				129,297	(129,297)					-	
County Vocational Partnership Grant, Cohort 3	Not available	5/1/17-6/30/20	329,784	(41,649)			41,649						(1,545)	
Youth Transition to Work Grant 2019	Not available	1/1/19-6/30/19	7,313	1,500			750	(1,545)		\$ 705			(1,545)	
Total Special Revenue Fund				(50,047)			181,594	(130,842)		-	705		(130,842)	
Addt. State School Bldg Aid-SDA Grant	03-495-034-5120-016	7/1/02-present	2,340,000										(2,213,801)	
Addt. State School Bldg Aid-SDA Grant		7/1/15-present	1,412,532	(815,907)						\$ (815,907)			(827,476)	
Addt. State School Bldg Aid-SDA Grant		7/1/16 - present	450,549	(450,549)						(450,549)			(438,981)	
Total Capital Projects Fund				(1,266,456)						(1,266,456)			(3,480,258)	
National School Lunch Program (State Share)	21-100-010-3350-023	7/1/20-6/30/21	16,576				12,905	(16,576)		(3,671)			(16,576)	
National School Lunch Program (State Share)	20-100-010-3350-023	7/1/19-6/30/20	6,976	(1,841)			1,841						(7,386)	
Total Enterprise Fund				(1,841)			14,746	(16,576)		(3,671)			(23,962)	
Total State Financial Assistance			\$ (2,765,791)	\$ -	\$ -	\$ -	\$ 22,738,979	\$ (22,745,089)	\$ -	\$ (1,270,127)	\$ 705	\$ -	\$ (1,464,897)	\$ (26,232,733)
State Financial Assistance														
Not Subject to Single Audit Determination														
General Fund														
On-Behalf TPAF Contributions:														
Pension Benefit Contributions	21-495-034-5094-002	7/1/20-6/30/21					4,940,744	(4,940,744)					(4,940,744)	
Long-Term Disability Insurance Contribution	21-495-034-5094-001	7/1/20-6/30/21					3,577	(3,577)					(3,577)	
Post Retirement Medical Contribution	21-495-034-5094-001	7/1/20-6/30/21					1,548,352	(1,548,352)					(1,548,352)	
Total State Financial Assistance														
Subject to Single Audit Determination														
			\$ (2,765,791)	\$ -	\$ -	\$ -	\$ 16,246,306	\$ (16,252,416)	\$ -	\$ (1,270,127)	\$ 705	\$ -	\$ (1,464,897)	\$ (19,740,060)

See the accompanying notes to schedules of expenditures of federal awards and state financial assistance.

The Board of Education of the Vocational and Technical High Schools
County of Middlesex

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

Year ended June 30, 2021

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal awards and state financial assistance programs of the District. The District is defined in Note 1 to the basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's 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 fiscal 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 payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A-22:44.2.

The Board of Education of the Vocational and Technical High Schools
County of Middlesex

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

Year ended June 30, 2021

3. Relationship to Basic Financial Statements (continued)

For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last 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 net adjustment is (\$17,450) to reconcile from the budgetary basis to the GAAP basis for the general fund and no adjustment for the special revenue fund. See note 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 (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 56,224	\$ 22,580,221	\$ 22,636,445
Special Revenue Fund	3,617,353	130,842	3,748,195
Food Service Enterprise Fund	691,495	16,576	708,071
Total financial award revenues	<u>\$ 4,365,072</u>	<u>\$ 22,727,639</u>	<u>\$ 27,092,711</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. Other

Revenues and expenditures reported under the Food Donation Program represent current year value of USDA commodities received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2021.

The Board of Education of the Vocational and Technical High Schools
County of Middlesex

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

Year ended June 30, 2021

5. Other (continued)

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2021 amounted to \$6,492,673. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, as directed by the funding agency.

6. Indirect Costs

The District elected not to use the 10% de minimis indirect cost rate as allowed by the Uniform Guidance.

The Board of Education of the Vocational and Technical High Schools
County of Middlesex

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part I – Summary of Auditor’s Results

State Financial Assistance Section

Internal control over major state programs:

Are any material weaknesses identified? _____ Yes √ No

Are any significant deficiencies identified? _____ Yes √ None
Reported

Type of auditor’s report on compliance for major programs: _____ Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08? _____ Yes √ No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5120-078	State Aid Cluster:
495-034-5120-089	Equalization Aid
495-034-5120-084	Special Education Categorical Aid
	Security Aid

Dollar threshold used to distinguish between Type A and Type B programs: _____ \$ 750,000

Auditee qualified as low-risk auditee? _____ √ Yes _____ No

The Board of Education of the Vocational and Technical High Schools
County of Middlesex

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part II – Schedule of Financial Statement Findings

No compliance or internal control over financial reporting findings noted that are required to be reported under *Government Auditing Standards*.

The Board of Education of the Vocational and Technical High
Schools County of Middlesex

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

**Part III – Schedule of Federal and State Award Findings and
Questioned Costs**

No federal award or state financial assistance program compliance findings or questioned costs were noted that are required to be reported in accordance with 2 CFR 200 section .516(a) of the Uniform Guidance or NJ OMB Circular Letter 15-08.

The Board of Education of the Vocational and Technical High
Schools County of Middlesex

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2021

No prior year findings were noted.