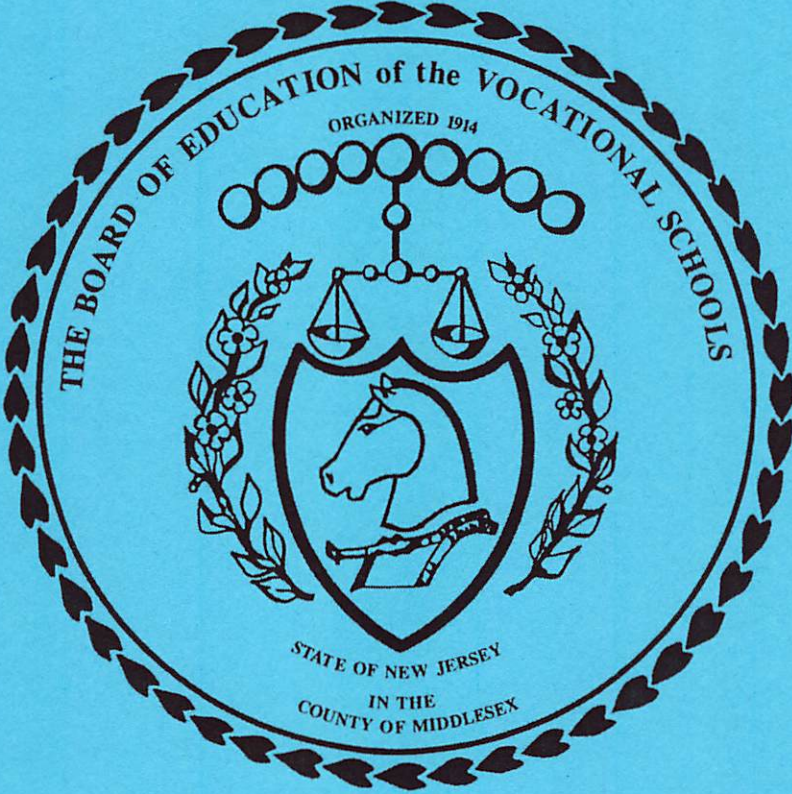


MIDDLESEX COUNTY VOCATIONAL AND TECHNICAL HIGH SCHOOLS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022



**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, 2022

**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

Jorge E. Diaz, Superintendent

March 2, 2023

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 for the fiscal year ended June 30, 2022, 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.

Campuses located at:

Edison East Brunswick Perth Amboy Piscataway Woodbridge



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 2021-22 fiscal year with an enrollment of 2,579 students.

(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 2015 to 2020, jobs increased by 6.4% in Middlesex County, from 430,236 to 457,885. Growth is projected to continue with an estimated number of 474,024 jobs by 2025.

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. According to the most recent information available (2020), Middlesex County has a median household income of \$91,731 and a median property value of \$351,400. As economic conditions improve after the health emergency these statistics will continue to grow.

(3) Major Initiatives.

Middlesex County Vocational and Technical Schools has always strived to be on the cutting edge of career and technical education. Over the past decade we have undergone numerous program upgrades and added several new and exciting career programs creating endless opportunities for the student residents of Middlesex County. As we continue along that path, it's time to reemphasize our commitment to all of the communities we serve. With that in mind the district along with its partner, Middlesex County, have embarked on a rebranding initiative during the 2022-23 school year. The centerpiece of this initiative comes in the form of a name change for the district. As of the new school year, the district will be known as “Middlesex County Magnet Schools” with each campus utilizing “Magnet School” in their individual school name. With this new rebranding effort, we can reemphasize the amazing educational experiences available here for the students of Middlesex County and continue to sustain positive growth for decades to come.

With the support of Middlesex County, Middlesex College, and the State of New Jersey, the district will embark on the construction of a new school building. As part of the Middlesex College Strategic Plan, the construction of a new campus on the grounds of the college was announced at a press conference in the fall of 2022. In line with the Securing our Children Future Bond Act designed to expand career and technical education opportunities, the district will construct a building for 200 students that will provide new and innovative career and technical programs. Some of the areas of study include information technology, global logistics, energy, plant sciences, and sustainable construction technologies. The project is in the initial planning stages and potential sites are being explored.

At our existing campuses, 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. Through capital funding and the Carl D. Perkins program funding we also continue to upgrade shop equipment. It is always our objective to train students on current technologies and state of the art equipment.

Our commitment to technology has remained steadfast as we continue to make advances. Toward the end of the school year we acquired several new administrative software packages raising our efficiency level throughout the District. We continue to support the use of Google classroom with all of our instructors. Google classroom provides 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. 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 chromebook inventory at all of our campuses. The District implemented a one to one student chromebook 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 2022 will be attending are as follows:

• Boston University	• University of Pennsylvania
• Carnegie Mellon University	• Rice University
• Cornell University	• Rutgers University
• Harvard University	• Seton Hall University
• John Hopkins University	• Stevens Institute of Technology
• Montclair State University	• Temple University
• NJIT	• The College of New Jersey
• NYU	• UNC Chapel Hill
• Northeastern University	• University of St. Andrews
• Penn State University	

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 2021. Our overall percentage for job placement in 2021 was 92%. Job placement in all trades for which the students were trained was 61%. Also noteworthy is the fact that 76% of our regular education and 21% 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 100 firms with 93% 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, 2022.

(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, 2022 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 14th 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 9th consecutive year that the School District had received this recognition.
- The East Brunswick Campus was awarded bronze level certification by Sustainable Jersey for Schools.
- A student from the Academy for Science, Mathematics and Engineering Technologies received the President's Gold Volunteer Service Award in recognition of his 100-plus hours of service. As a SEWA International LEAD, the student participated in many community service activities such as cooking food for homeless shelters, conducting food drives, collecting coats and jackets for the needy, a Diwali food drive, helping to host events, newsletter preparation, tutoring service, fundraising projects through art lessons, tree planting, gardening, and his work at a summer camp. The student is so proud to be serving his community.

- Culinary Arts students from the Piscataway Campus competed against eleven other county vocational schools at the annual meeting of the New Jersey Association of Counties in Atlantic City, NJ. The students received 1st place award for the People's Choice of Best Display.
- The Academy for Science, Mathematics and Engineering Technologies Science Olympiad team had a strong year with numerous individual medals and team finishes including ranking 6th in New Jersey. They received 8 medals at the New Jersey State Championship.
- The Perth Amboy Campus partnered with the Middlesex County Department of Community Services, Replenish Food Bank for their annual food drive. Food insecurity is a very real issue where too many families face making difficult decisions between paying rent and putting food on the table. Perth Amboy's aim in this partnership was to help ease some of the stress associated with the difficult decisions many families in Middlesex County face.
- The Woodbridge Academy Interact Club collected over 2,100 items for the St. James Food Pantry in Woodbridge for Thanksgiving.
- The East Brunswick Campus FFA chapter had won twenty-three ribbons including three first place winners at the annual State FFA Horticulture Exposition and Floral Design Contest.
- Several students from The East Brunswick Campus, Piscataway Campus, and Perth Amboy Campus participated in the 2022 NJ State Skills USA Competition. The East Brunswick Campus finished with fifteen medals and nine students qualified to compete at Nationals. The Piscataway Campus finished with eleven medals. The Perth Amboy Campus finished with five medals and one qualified to compete at Nationals.
- Students from the Academy for Allied Health and Biomedical Sciences participated in the 2022 New Jersey State HOSA Leadership conference and twenty nine students placed as medalists and several qualified to go to Nationals.
- Various players for various sports were named as GMC Scholar Athletes and received Sportsmanship Awards. Five players received the prestigious N.J.S.I.A.A Scholar Athlete Award.
- Students from the East Brunswick Campus Graphic Design and Multimedia Art, and Digital Design participated in Congressman Pallone's art competition. Two students received Honorable Mentions and those artwork were held by the Office of Congressman Frank Pallone for display at the Spring Awards Ceremony.
- Numerous special project grants, which total over \$8.8 million, comprise another dimension of the awards and recognition received by the District over the 2021-22 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,

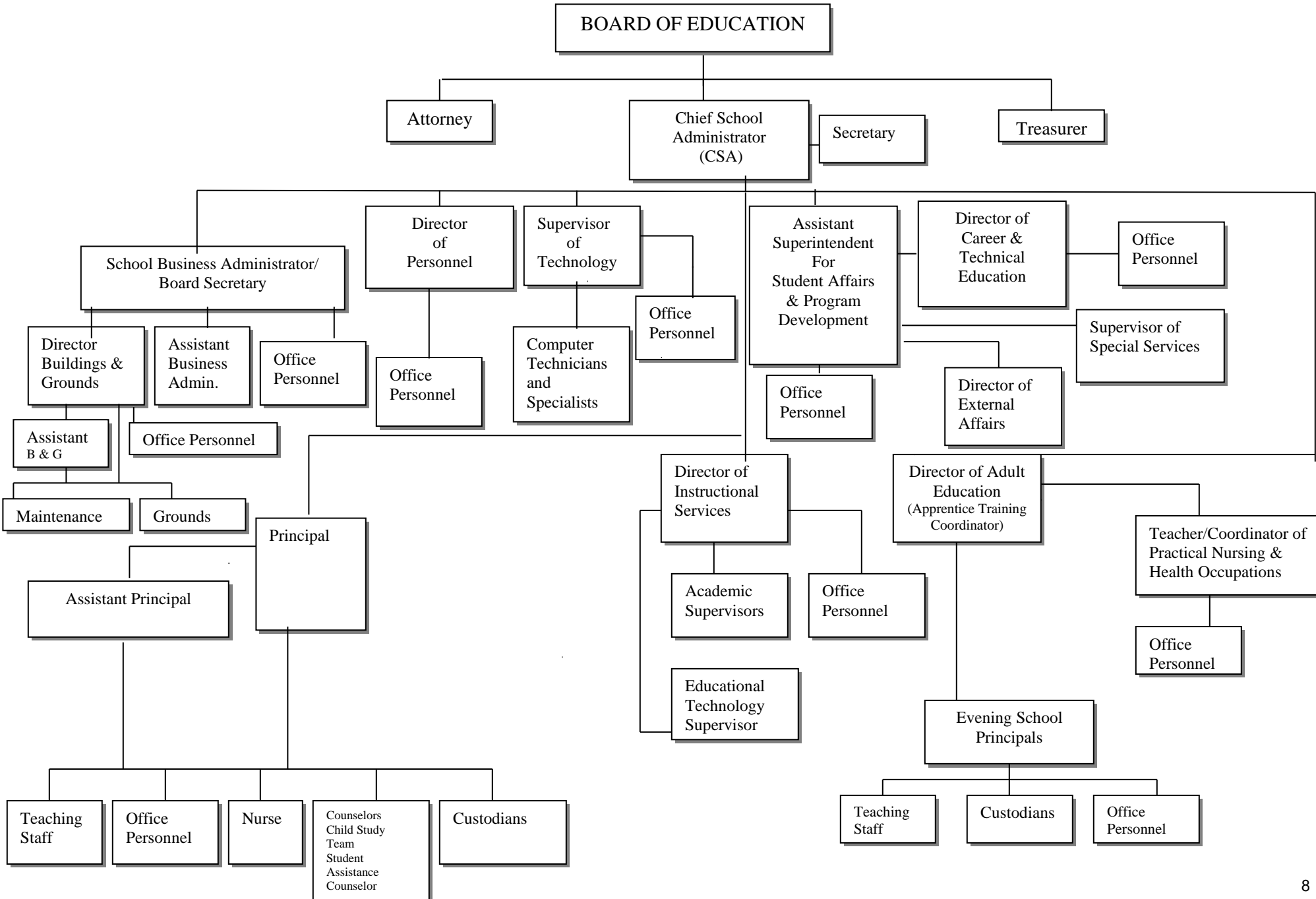


Jorge E. Diaz
Superintendent



Karl J. Knehr, CPA
Board Secretary/Business Administrator

Middlesex County Vocational and Technical High Schools
ORGANIZATIONAL CHART
June 30, 2022



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

Roster of Officials

June 30, 2022

<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. Vittorio Tartara, Board Member	2025
Ms. Karen Eastman, Board Member	2024
Mr. Kyle Anderson, Acting County Superintendent of Schools	N/A

Other Officials

Mr. Jorge E. Diaz, Superintendent (April 2022 – present)

Mr. Robert P. Mooney, Interim Superintendent (July 2021 – March 2022)

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 Audit of the Financial Statements

Opinions

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 Middlesex County Vocational and Technical High Schools, County of Middlesex, New Jersey (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 ("*Government Auditing Standards*"). Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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

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Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, long-term debt schedules, and the schedules of expenditures of federal awards and state financial assistance, 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, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements, 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 Honorable President and Members
of the Board of Education of the
Middlesex County Vocational and
Technical High Schools**

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Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2022. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 2, 2023

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, 2022
UNAUDITED

The following represents the Middlesex County Vocational and Technical High Schools’ (the “District”) discussion and analysis for fiscal year ended June 30, 2022. 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. 29-30) 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. 31-37) 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. 31-33) 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.31): 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. 29) 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. 32) is reconciled with change in net position of governmental activities from the statement of activities (government-wide statements pg. 30) on a separate schedule (pg.33). 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. 34-36) 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. 37). 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 38 through 79 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 80 through 107 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 can not 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, 2022 and 2021:

Table 1
Net Position
As of
(In Millions)

	June 30, 2022 District Totals	June 30, 2021 District Totals
Current and other assets	\$ 14.3	\$ 12.0
Capital assets	88.7	86.9
Total assets	<u>103.0</u>	<u>98.9</u>
Pension Deferrals	<u>1.2</u>	<u>2.0</u>
Current and other liabilities	4.7	3.8
Long-term liabilities	<u>21.6</u>	<u>25.5</u>
Total liabilities	<u>26.3</u>	<u>29.3</u>
Pension Deferrals	<u>5.5</u>	<u>5.3</u>
Net position		
Invested in capital assets	76.1	73.7
Restricted	9.2	6.8
Unrestricted	(12.9)	(14.2)
Total net position	<u>\$ 72.4</u>	<u>\$ 66.3</u>

An examination of Table 1 indicates significant increases in assets resulting in an overall increase of \$6.1 million in net position for 2021-22 fiscal year. Capital assets increased with the completion of several new projects. Current and other assets increased as both cash and receivables were up from the previous year. An influx in federal ARP grant funds expended but uncollected boosted receivables. Cash increased as the district increased its capital reserves. 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 \$(12.9) million in unrestricted net position:

Table 2
Unrestricted Net Position
As of June 30, 2022
(In Millions)

Unrestricted net position from:

Encumbrances	\$	0.9
Designated in subsequent year		0.1
Unfunded compensated absences		(1.0)
Pension liability		(13.7)
Results from operations		0.8
 Total	 \$	 (12.9)

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, 2022. 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 2022-2023 budget. The annual school budget is prepared and adopted prior to the start of the new fiscal year (July 1, 2022).

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 defined benefit multiple employer 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.

	June 30, 2022	June 30, 2021
Revenues:		
Program Revenues:		
Federal and state grants	\$ 3.5	\$ 3.1
General revenues		
Property taxes	26.8	26.8
Federal and state aid, not restricted	20.9	24.7
County capital contribution	3.5	3.5
Other general revenues	1.7	1.4
Total revenues	<u>56.4</u>	<u>59.5</u>
Functions/Program Expenses:		
Instruction		
Regular	10.0	10.6
Other special instruction	0.1	0.2
Vocational	11.4	13.1
Other instruction	0.9	0.9
Support Services		
Student and instruction related services	6.3	7.1
General administrative services	2.0	1.9
School administrative services	3.8	4.8
Plant operations and maintenance	8.1	8.9
Pupil transportation	0.2	0.1
Business and other support services	2.4	2.7
Special Schools	1.5	1.9
Interest Expense	0.3	0.3
Unallocated depreciation	3.3	3.3
Total expenses	<u>50.3</u>	<u>55.8</u>
Increase in Net Position	<u>\$ 6.1</u>	<u>\$ 3.7</u>

Table 3 illustrates that both revenues and expenses decreased over the prior year. While both revenues and expenses decreased the district did see a \$2.4 million increase in net position related to the increase in capital assets and a decrease in net pension liability. The majority of 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 an examination of the most recent available New Jersey state pension records, the district needed to record a reduction in unrestricted aid revenue with a corresponding reduction in pension 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. Outside of an increase in general state aid and federal grants, actual revenue and expense activity was similar to the prior year.

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, 2022	June 30, 2021
Program Revenues:		
Charges for services	\$ 46.7	\$ 3.8
Federal and state reimbursement program	1,051.3	708.1
Total revenue	1,098.0	711.9
Functions/Programs:		
Food Services	912.4	569.6
Total expenses	912.4	569.6
Increase in net position	\$ 185.6	\$ 142.3

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 2022 fiscal year, revenues and expenditures increased dramatically with the return of full time in person instruction as schools began to recover from the health emergency. Federal aid increased as school districts were allowed to continue to run under the seamless summer option in the 2022 fiscal year. All students received a free breakfast and lunch. This federal program provides reimbursement for all meals distributed at the established free lunch rate. Outside of the federal program, revenue was supplemented with “ala carte” purchases. With the overwhelming majority of the students taking advantage of the federal program and considering the operating efficiency the program creates, revenues far outpaced expenses resulting in another large increase in net position. The District’s contribution for food service operations remained at \$0 (Table 4) for both the 2022 and 2021 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, ESSER 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, 2022 and increases and decreases as compared to the prior year:

Revenue	Amount	Percent of Total	Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ 32,077,581	51.45%	\$ 325,017	7.72%
State Sources	25,938,124	41.60%	3,227,061	76.64%
Federal Sources	<u>4,332,218</u>	<u>6.95%</u>	<u>658,641</u>	<u>15.64%</u>
Total:	<u>\$ 62,347,923</u>	<u>100.00%</u>	<u>\$ 4,210,719</u>	<u>8.03%</u>

Local sources saw a small increase related to rebates received through an ESIP program.

An increase in state aid and 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, 2022, and the percentages of total increases and decreases as compared to the prior year.

Expenditures	Amount	Percent of Total	Increase (Decrease)	Percent of Increase (Decrease)
Current Expense:				
Instruction	\$ 16,812,337	27.62%	\$ 1,214,128	7.78%
Undistributed Expenditures	36,802,115	60.46%	2,216,685	6.41%
Capital Outlay	6,126,518	10.07%	(1,972,392)	-24.35%
Special Schools	1,125,960	1.85%	(68,432)	-5.73%
Total:	\$ 60,866,930	100.00%	\$ 1,389,989	2.34%

The increase in instructional expenses is related to an increase in instructional salaries, supplies, and textbooks.

While support expenses fluctuated by department, the overwhelming majority of the increase was tied to on behalf pension contributions.

Capital outlay decreased with less projects being completed during the course of the year. During the previous year the district had expended funds on several additional capital projects relating to an energy savings improvement program.

Special Schools expenses decreased slightly over the prior year.

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 time table 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. Tuition collections were received under budget. While there was an increase in cosmetology tuition, the tuition amount from LPN and special education students' decrease with less students enrolled.
4. Miscellaneous revenue collection was well over budget. This resulted from an increase in regular adult programs, ESIP rebates, and sale of obsolete equipment.

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. Transfers between instructional and support salary accounts were necessary as needs changed and developed over the course of the school year.
3. Additional school funds were needed in instructional supplies to purchase Chromebooks for students.
4. Excess budgeted funds from staff retirements/resignations in bilingual education, guidance and special education guidance was transferred and used in other accounts.
5. Additional technical administration funds were needed to help with the increasing need for technology support throughout the school year.
6. Funds were needed for school maintenance to help with building management system software upgrades as well as to address flooring issues at several locations.
7. Athletic fields needed more support requiring transfers into the grounds area.
8. Fringe benefits costs were less than anticipated for health benefits, workers compensation and unemployment compensation which allowed transfers to other accounts.

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 less than expected. Staff changes and retirements after the budget is finalized account for the disparity between budget and actual.
3. The amount of support for athletic programs throughout the District was overestimated leaving a small surplus.
4. There was a surplus of funds in the gas and electricity accounts due to the implementation of an energy saving improvement plan.
5. Tuition reimbursement came in lower than anticipated due to a decrease in the number of classes taken by employees.
6. Health benefits were lower than anticipated as the district received an unexpected rate reduction in January of 2022 and a one month premium holiday in February 2022.
7. Due to the coronavirus health emergency, less field trips were taken during the year causing an overage in 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, 2022, capital assets for the district totaled \$88.7 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, 2022
(In Millions)

	Governmental Activities
Land and site improvements	\$ 12.1
Building and building improvements	62.6
Furniture and equipment	3.8
Construction-in-progress	10.2
	<hr/> <hr/>
	\$ 88.7

The net investment in capital assets increased 3.3% from the prior year. That increase included depreciation expense of \$3.76 million offset by additions recorded in the amount of \$6.05 million and net of related debt of \$13.0 million. The following is the detail of those additions:

	Additions (in millions)
Piscatway ESIP Heat Pumps	\$ 0.54
Edison Roof	0.48
Piscatway Flooring	0.34
East Brunswick Music Suite	0.29
Construction in Progress	3.84
Equipment	0.56
	<u>\$ 6.05</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, 2022 is associated with two (2) Financed 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 Financed 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 liabilities related to the New Jersey Public Employees' 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 2021-22 and 2022-23 school years. At this time it is uncertain what the state aid may look like for the 2023-24 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. 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.

The district is fully operating after the pandemic. The health emergency was lifted in March of 2022 so things are back to operating on a normal basis but no one knows what the future holds. 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 2024. 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, the County of Middlesex has partnered with the State of New Jersey to come up with a Community, Innovation, and Opportunity (CIO) Strategic Investment Plan to transform and bolster the County as well as our District. This is part of the Middlesex County's Destination 2040 Strategic Plan. Some of the highlights of their plan include: an open-air Multipurpose Community Venue for concerts, cultural events, and multiple sports such as baseball, soccer, or lacrosse, a Workforce Development & Conference Center, a new Community Park featuring an educational children's amenity, a new Student Center which will include campus and community amenities, a new Middlesex County Vocational and Technical School, a Destination Athletic Complex featuring 14 multi-sport synthetic fields; 16 tennis courts and a state-of-the-art recreational cricket field; and much more, an expansion of the existing exterior spaces, activating these areas by adding public art, seating, and water features. The new Middlesex County Vocational and Technical School will be built on the campus of the Middlesex College which already houses our Edison Academy. The school will offer programs like environmental technology and engineering, information communication, and global logistics. Students will have the opportunity to take college level courses and have the ability to graduate with a high school diploma and a two year college degree. Consistent with the principles of Destination 2040, the CIO Strategic Investment will enhance life quality and drive economic development for all of Middlesex County.

FINANCIAL MANAGEMENT CONTACT

The Middlesex County Vocational School's financial report is 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, 2022.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Position
June 30, 2022**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 11,690,275		\$ 11,690,275
Internal balances	(400,788)	\$ 400,788	
Accounts receivable	3,031,148	94,353	3,125,501
Inventory		19,565	19,565
Capital assets, non-depreciable	17,520,390		17,520,390
Capital assets, depreciable, net	71,207,219	122,011	71,329,230
Total Assets	103,048,244	636,717	103,684,961
DEFERRED OUTFLOW OF RESOURCES			
Pension deferrals	1,245,464		1,245,464
LIABILITIES			
Accounts payable	2,986,517	78,490	3,065,007
Accrued interest payable	114,996		114,996
Other payables	27,710	1,988	29,698
Unearned revenue	63,511	4,106	67,617
Payroll deductions and withholdings payable	675,596		675,596
Net pension liability	8,429,925		8,429,925
Noncurrent liabilities:			
Due within one year	797,283		797,283
Due beyond one year	13,216,395		13,216,395
Total liabilities	26,311,933	84,584	26,396,517
DEFERRED INFLOW OF RESOURCES			
Pension deferrals	5,541,401		5,541,401
NET POSITION			
Net investment in capital assets	76,129,560	122,011	76,251,571
Restricted for:			
Capital projects	3,543,516		3,543,516
Other purposes	5,497,647		5,497,647
Student activities	148,114		148,114
Scholarships	5,431		5,431
Unrestricted	(12,883,894)	430,122	(12,453,772)
Total net position	\$ 72,440,374	\$ 552,133	\$ 72,992,507

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, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 9,960,724		\$ 996,425		\$ (8,964,299)		\$ (8,964,299)
Other special instruction	93,468				(93,468)		(93,468)
Vocational	11,394,968		821,051		(10,573,917)		(10,573,917)
Other instruction	863,633				(863,633)		(863,633)
Support services:							
Student and instruction related services	6,331,121		1,569,111		(4,762,010)		(4,762,010)
General administrative services	2,001,645				(2,001,645)		(2,001,645)
School administrative services	3,828,990				(3,828,990)		(3,828,990)
Plant operations and maintenance	8,094,966			\$ 94,506	(8,000,460)		(8,000,460)
Pupil transportation	163,211				(163,211)		(163,211)
Business and other support services	2,397,929				(2,397,929)		(2,397,929)
Special schools	1,504,905				(1,504,905)		(1,504,905)
Interest expense	285,544				(285,544)		(285,544)
Unallocated depreciation	3,332,315				(3,332,315)		(3,332,315)
Total governmental activities	<u>50,253,419</u>		<u>3,386,587</u>	<u>94,506</u>	<u>(46,772,326)</u>		<u>(46,772,326)</u>
Business-type activities:							
Food Service	912,422	\$ 46,738	1,051,278			\$ 185,594	185,594
Total business-type activities	<u>912,422</u>	<u>46,738</u>	<u>1,051,278</u>			<u>185,594</u>	<u>185,594</u>
Total primary government	<u>\$ 51,165,841</u>	<u>\$ 46,738</u>	<u>\$ 4,437,865</u>	<u>\$ 94,506</u>	<u>(46,772,326)</u>	<u>185,594</u>	<u>(46,586,732)</u>
General revenues:							
Property taxes, levied for general purposes					26,837,958		26,837,958
Federal and State aid not restricted					20,851,194		20,851,194
County capital contribution					3,500,000		3,500,000
Tuition					446,625		446,625
Interest earned					234		234
Miscellaneous income					1,292,764		1,292,764
Total general revenues					<u>52,928,775</u>		<u>52,928,775</u>
Change in net position					6,156,449	185,594	6,342,043
Net Position—beginning of year					66,283,925	366,539	66,650,464
Net Position—end of year					<u>\$ 72,440,374</u>	<u>\$ 552,133</u>	<u>\$ 72,992,507</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, 2022**

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 10,889,224	\$ 153,231	\$ 647,820	\$ 11,690,275
Accounts receivable:				
Interfunds receivable	1,033,741	314	2,131,028	3,165,083
Federal	18,683	1,338,406		1,357,089
State	63,413	15,239	1,266,456	1,345,108
Other governments	193,191	43,376		236,567
Other	92,384			92,384
Total assets	<u>\$ 12,290,636</u>	<u>\$ 1,550,566</u>	<u>\$ 4,045,304</u>	<u>\$ 17,886,506</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,359,707	\$ 565,289	\$ 127,888	\$ 2,052,884
Interfunds payable	2,789,839	776,032		3,565,871
Other payables	27,710			27,710
Unearned revenue	7,811	55,700		63,511
Payroll deductions and withholdings payable	675,596			675,596
Total liabilities	<u>4,860,663</u>	<u>1,397,021</u>	<u>127,888</u>	<u>6,385,572</u>
Fund balances:				
Restricted for:				
Capital reserve account	2,900,100			2,900,100
Capital projects			3,917,416	3,917,416
Excess Surplus - current year	1,262,413			1,262,413
Excess Surplus - prior year	1,335,134			1,335,134
Student Activities		148,114		148,114
Scholarships		5,431		5,431
Assigned to:				
Designated for subsequent years expenditures	14,866			14,866
Other Purposes	895,190			895,190
Unassigned	1,022,270			1,022,270
Total fund balances	<u>7,429,973</u>	<u>153,545</u>	<u>3,917,416</u>	<u>11,500,934</u>
Total liabilities and fund balances	<u>\$ 12,290,636</u>	<u>\$ 1,550,566</u>	<u>\$ 4,045,304</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 \$165,688,080 and the accumulated depreciation is \$76,960,471 (see Note 4).	88,727,609
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.	(114,996)
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).	(14,013,678)
Deferred pension costs in governmental activities are not resources and are therefore not reported in the funds.	(4,295,937)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(8,429,925)
Accrued pension contributions for the June 30, 2022 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.	(933,633)
Net position of governmental activities	<u>\$ 72,440,374</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, 2022**

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
REVENUES				
Local sources:				
Local tax levy	\$ 26,837,958			\$ 26,837,958
County capital contribution			\$ 3,500,000	3,500,000
Tuition charges	446,625			446,625
Interest earned			234	234
Miscellaneous	750,731	\$ 542,033		1,292,764
Total local sources	<u>28,035,314</u>	<u>542,033</u>	<u>3,500,234</u>	<u>32,077,581</u>
State sources	25,677,325	166,293	94,506	25,938,124
Federal sources	47,890	4,284,328		4,332,218
Total revenues	<u>53,760,529</u>	<u>4,992,654</u>	<u>3,594,740</u>	<u>62,347,923</u>
EXPENDITURES				
Current:				
Regular instruction	6,837,375	810,677		7,648,052
Other special instruction	69,403			69,403
Vocational education	7,719,101	694,897		8,413,998
Other instruction	680,884			680,884
Support services and undistributed costs:				
Student and instruction related services	3,610,621	1,326,758		4,937,379
General administrative services	1,725,005			1,725,005
School administrative services	2,728,788			2,728,788
Plant operations and maintenance	7,930,356			7,930,356
Pupil transportation	153,826			153,826
Business and other support services	1,909,428			1,909,428
Unallocated benefits	16,863,078	554,255		17,417,333
Capital outlay	930,920	1,668,559	3,527,039	6,126,518
Special schools	1,125,960			1,125,960
Total expenditures	<u>52,284,745</u>	<u>5,055,146</u>	<u>3,527,039</u>	<u>60,866,930</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>1,475,784</u>	<u>(62,492)</u>	<u>67,701</u>	<u>1,480,993</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			1,000,000	1,000,000
Transfers out	(1,000,000)			(1,000,000)
Total other financing sources	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Net change in fund balances	475,784	(62,492)	1,067,701	1,480,993
Fund balance, July 1	<u>6,954,189</u>	<u>216,037</u>	<u>2,849,715</u>	<u>10,019,941</u>
Fund balance, June 30	<u>\$ 7,429,973</u>	<u>\$ 153,545</u>	<u>\$ 3,917,416</u>	<u>\$ 11,500,934</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).

**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, 2022**

Total net change in fund balances - governmental funds (from B-2) \$ 1,480,993

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.

	\$	6,054,222	
Capital additions		(2,786)	
Disposition of capital assets		<u>(4,212,359)</u>	1,839,077
Depreciation expense			

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. 6,068

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. 735,668

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 (+). 19,270

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.

		<u>2,075,373</u>	
Pension expense			

Change in net position of governmental activities (A-2) \$ 6,156,449

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, 2022**

	Major Fund
	Food Service
ASSETS	
Current assets:	
Accounts receivable:	
State	\$ 1,643
Federal	92,510
Interfund	400,788
Other	200
Inventory	19,565
Total current assets	514,706
Noncurrent assets:	
Capital assets:	
Furniture, machinery & equipment	232,879
Less accumulated depreciation	(110,868)
Total capital assets, net	122,011
Total assets	636,717
LIABILITIES	
Current liabilities:	
Accounts payable	78,490
Unearned revenue	4,106
Other payables	1,988
Total current liabilities	84,584
NET POSITION	
Investment in capital assets	122,011
Unrestricted	430,122
Total net position	\$ 552,133

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, 2022**

	Major Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	
Daily sales - non-reimbursable programs	\$ 41,063
Special functions	5,675
Total operating revenues	46,738
Operating expenses:	
Salaries	420,868
Cost of sales-reimbursable programs	185,682
Cost of sales - non-reimbursable programs	16,242
Food donation program	74,840
Other purchased services	82,416
General supplies	112,877
Depreciation	19,497
Total operating expenses	912,422
Operating (loss)	(865,684)
Nonoperating revenues:	
State sources:	
State school lunch program	18,125
Federal sources:	
National school lunch program	771,778
School breakfast program	185,907
P-EBT Administrative Cost	628
Food donation program	74,840
Total nonoperating revenues	1,051,278
Change in net position	185,594
Total net position—beginning of year	366,539
Total net position—end of year	\$ 552,133

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, 2022**

	Major Fund
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 44,670
Payments to employees	(420,868)
Payments to suppliers	(494,769)
Net cash used in operating activities	(870,967)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from state reimbursements	20,153
Cash received from federal reimbursements	1,068,721
Cash disbursed to other funds	(213,038)
Net cash provided by noncapital financing activities	875,836
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(4,869)
Net cash used in capital and related financing activities	(4,869)
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	\$ (865,684)
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Depreciation	19,497
(Increase) in inventories	(18,671)
(Decrease) in unearned revenue	(1,868)
Increase in other liabilities	1,988
(Decrease) in accounts payable	(6,029)
Total adjustments	(5,283)
Net cash (used in) operating activities	\$ (870,967)

The District received \$74,840 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2022.

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, 2022

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 234,489
Accounts Receivable	19,184
Total assets	\$ 253,673
LIABILITIES	
Accounts Payable	\$ 24,827
Other Liabilities	1,865
Held on behalf of a third party	226,981
Total liabilities	\$ 253,673

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, 2022

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, 2022

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, 2022

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, 2022

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 criteria defined by the 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.

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 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.

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, 2022

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.

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.

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

Notes to the Basic Financial Statements

Year ended June 30, 2022

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, 2022 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, 2022

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control (continued)

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

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.

Except for the student activity and scholarship funds, 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, 2022

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, 2022

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 \$1,041,729 at June 30, 2022. 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 2022 programs received on or before June 30, 2022.

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, financed purchases payable 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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Notes to the Basic Financial Statements

Year ended June 30, 2022

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, 2022

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances (continued)

Of the \$7,429,973 of fund balances in the General Fund, \$895,190 of encumbrances is assigned to other purposes, \$2,900,100 has been restricted for the capital reserve, \$1,262,413 has been restricted for excess surplus – current year, \$1,335,134 has been restricted for prior year excess surplus that has been designated for subsequent year’s expenditures, \$14,866 has been classified as assigned fund balance designated for subsequent years’ expenditures and \$1,022,271 is classified as unassigned. The fund balance in the Special Revenue Fund of \$153,545 is restricted for student activities and scholarships. The fund balance in the Capital Projects Fund of \$3,917,416 is restricted for capital projects, of which \$3,204,654 have been encumbered for projects.

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, 2022 was \$2,597,547. Of this amount, \$1,335,134 has been appropriated in the 2022-2023 budget and the remaining \$1,262,413 will be required to be appropriated in the 2023-2024 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, 2022

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 during calendar year 2021. Various municipalities were required to remit monies under statute to the County. None of those payments were due to the District.

The Board of Education
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County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

R. Recently Issued Accounting Pronouncements

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. The District has evaluated the effects of this standard on its financial statements and found it to be immaterial to the financial statement presentation.

S. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2022 and March 2, 2023, 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 financed purchase obligations and compensated absences are not due and payable in the current period and therefore are not reported in the funds.

The details of this difference are as follows:

Compensated absences	\$	1,041,729
Financed purchases payable		12,971,949
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>14,013,678</u>

The Board of Education
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Notes to the Basic Financial Statements

Year ended June 30, 2022

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. 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%.

The Board of Education
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Notes to the Basic Financial Statements

Year ended June 30, 2022

3. Deposits and Investments (continued)

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, 2022, the District’s carrying amount of deposits was \$11,924,764 and the bank balance was \$13,665,421. 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 \$11,758,173. \$1,157,248 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.

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, 2022:

- 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.

The Board of Education
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County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2022

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2022:

	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	6,371,602	\$ 4,436,358	\$ (594,770)	10,213,190
Total capital assets, not being depreciated	13,678,802	4,436,358	(594,770)	17,520,390
Capital assets, being depreciated:				
Site improvements	10,690,972	537,635		11,228,607
Buildings and building improvements	113,533,696	522,436	594,770	114,650,902
Machinery and equipment	22,186,546	557,793	(456,158)	22,288,181
Total capital assets being depreciated	146,411,214	1,617,864	138,612	148,167,690
Less accumulated depreciation for:				
Site improvements	(5,948,263)	(457,978)	(1,318)	(6,407,559)
Buildings and building improvements	(49,195,599)	(2,874,338)	1,318	(52,068,619)
Machinery, equipment and vehicles	(18,057,622)	(880,043)	453,372	(18,484,293)
Total accumulated depreciation	(73,201,484)	(4,212,359)	453,372	(76,960,471)
Total capital assets, being depreciated, net	73,209,730	(2,594,495)	591,984	71,207,219
Governmental activities capital assets, net	<u>\$86,888,532</u>	<u>\$ 1,841,863</u>	<u>\$ (2,786)</u>	<u>\$88,727,609</u>

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

Regular instruction	\$ 17,682
Vocational instruction	557,511
Support services	1,292
School administrative services	147,500
General administrative services	13,953
Plant operation and maintenance	142,105
Unallocated depreciation	3,332,315
Total depreciation expense – governmental activities	<u>\$ 4,212,358</u>

The Board of Education
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Notes to the Basic Financial Statements

Year ended June 30, 2022

4. Capital Assets (continued)

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2022:

	Beginning Balance	Increases	Ending Balance
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 228,010	\$ 4,869	\$ 232,879
Less accumulated depreciation for:			
Equipment	(91,371)	(19,497)	(110,868)
Total business-type activities capital assets, net	\$ 136,639	\$ (14,628)	\$ 122,011

5. Long-Term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 1,060,999	\$ 228,756	\$ (248,026)	\$ 1,041,729	\$ 40,530
Financed purchases payable	13,707,617		(735,668)	12,971,949	756,753
Subtotal	14,768,616	228,756	(983,694)	14,013,678	797,283
Net pension liability	11,620,233		(3,190,308)	8,429,925	
Governmental activities long-term liabilities	\$ 26,388,849	\$ 228,756	\$ (4,174,002)	\$ 22,443,603	\$ 797,283

The District expects to liquidate the compensated absences, financed 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, 2022, the District had no bonds payable and no authorized but not issued bonds.

The Board of Education
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Notes to the Basic Financial Statements

Year ended June 30, 2022

5. Long-Term Liabilities (continued)

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, 2022, debt outstanding and recorded in the financial statements of the County of Middlesex related to the District amounted to \$24,370,000.

Financed Purchases 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 commenced 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, 2022

5. Long-Term Liabilities (continued)

Future Minimum Lease Payments - Future minimum lease payments under the financed purchase agreement along with the present value of the minimum lease payments as of June 30, 2022 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 1,032,977
2024	1,065,021
2025	1,085,023
2026	1,051,054
2027	1,079,332
2028-2032	5,845,157
2033-2035	<u>3,906,992</u>
 Total Minimum Lease Payments	 15,065,556
 Less: Amount representing interest	 <u>(2,093,607)</u>
 Present Value of Net Minimum Lease Payments	 <u><u>\$12,971,949</u></u>

The gross amount of assets recorded under the energy conservation leases amounted to \$15,582,900. All financed 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, 2022

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, 2022

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, 2022, the State of New Jersey contributed \$8,518,864 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 \$1,328,350 during the year ended June 30, 2022 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, 2022, 2021, and 2020 were \$833,362, \$779,522, and \$685,773, 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

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Year ended June 30, 2022

6. Pension Plans (continued)

payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2022, the District reported a liability of \$8,429,925 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.071159323 percent, which was a decrease of 0.0000978577 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized full accrual pension benefit of \$1,243,110 in the government-wide financial statements. At June 30, 2022, 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	\$ 43,903	\$ 3,001,108
Differences between expected and actual experience	132,951	60,348
Changes in proportion	134,977	259,281
Difference between projected and actual earnings on pension plan investments		2,220,664
District contributions subsequent to the measurement date	933,633	
	\$ 1,245,464	\$ 5,541,401

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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)

The \$933,633 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, 2023. 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:	
2023	\$ (2,081,812)
2024	(1,489,162)
2025	(935,225)
2026	(723,075)
2027	(296)
	\$ (5,229,570)
	\$ (5,229,570)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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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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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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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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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	3.35%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment grade credit	8.00%	1.68%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
	100.00%	

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Year ended June 30, 2022

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, 2021. 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 100% 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:

2021	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	\$ 11,479,848	\$ 8,429,925	\$ 5,841,633

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Notes to the Basic Financial Statements

Year ended June 30, 2022

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, 2021 was \$35,707,804,636. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2021 was \$28,386,785,177.

Additional Information

Collective balances of the Local Group at June 30, 2021 are as follows:

Deferred outflows of resources	\$	1,164,738,169
Deferred inflows of resources	\$	8,339,123,762
Net pension liability	\$	11,972,782,878
District's proportion		0.0711596323%

Collective pension expense for the Local Group for the measurement periods ended June 30, 2021 was \$1,599,674,464. 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, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 is 5.13, 5.16, 5.21, 5.63, 5.48, 5.57 and 5.72, respectively.

Teachers Pension 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, 2021 was \$80,186,453. The District's proportionate share was \$0. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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, 2021, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1667938390 percent, which was an increase of 0.0004677373 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$1,886,822 for contributions incurred by the State.

Actuarial assumptions

The total pension liability in the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	1.55 - 4.45%
	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, 2022

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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2021 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
US Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 in determining the total pension liability.

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Year ended June 30, 2022

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 State's proportionate share of the net pension liability associated with the District calculated using the discount rate as disclosed above as well as what the 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:

2021	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 94,873,968	\$ 80,186,453	\$ 67,849,863

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, 2021 are as follows:

Deferred outflows of resources	\$ 6,356,228,800
Deferred inflows of resources	\$ 27,175,330,929
Net pension liability	\$ 48,075,188,642
State's proportionate share associated with the District	0.1667938390%

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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)

Collective pension expense for the plan for the measurement period ended June 30, 2021 is \$1,159,039,411. 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, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 7.9, 7.9, 8.0, 8.2, 8.3, 8.3, 8.3, and 8.5 years, respectively.

7. Post-Retirement Benefits

General Information about the OPEB Plan

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as “the employers”) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen’s Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be

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7. Post-Retirement Benefits (continued)

deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

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

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

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

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7. Post-Retirement Benefits (continued)

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement medical benefits on behalf of the District for the years ended June 30, 2022, 2021 and 2020 were \$1,615,996, \$1,551,929, and \$1,381,794, respectively, which equaled the required contributions for each year.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify

and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments.

Additional information on Pensions and OPEB can be accessed at state.nj.us/treasury/pensions/financial-reports.shtml.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2021</u>
Active Plan Members	213,901
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	150,427
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	<u>-</u>
Total Plan Members	<u><u>364,328</u></u>

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, 2021 was \$106,238,524 or 0.18%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

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7. Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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

	2.50%	
	TPAF/ABP	PERS
Inflation rate		
Salary increases:		
Through 2026	1.55 – 4.45% based on years of service	2.00 – 6.00% based on years of service
Thereafter	2.75 – 5.56% based on years of service	3.00 – 7.00% based on years of service

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-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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.

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7. Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. 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.

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, 2020		\$ 120,769,762
Increased by:		
Service cost	\$ 4,741,168	
Interest cost	2,755,939	
Changes of assumptions	104,812	
Member contributions	70,456	
		7,672,375
		128,442,137
Decreased by:		
Changes of assumptions	113,078	
Differences between expected and actual experiences	19,919,627	
Gross benefit payments	2,170,908	
		22,203,613
Balance at June 30, 2021		\$ 106,238,524

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7. Post-Retirement Benefits (continued)

The State's proportionate share of deferred outflows and inflows of resources associated with the District at June 30, 2021 is \$34,799,947 and \$69,520,633, respectively.

	1% Decrease (1.16%)	At Current Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 127,257,074	\$ 106,238,524	\$ 89,687,678

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.

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)	\$ 86,000,430	\$ 106,238,524	\$ 133,416,788

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

For the year ended June 30, 2022, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$691,879 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2021 are as follows:

Deferred outflows of resources	\$ 21,546,947,255
Deferred inflows of resources	\$ 26,769,148,209
Collective OPEB expense	\$ 3,527,672,060

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7. Post-Retirement Benefits (continued)

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

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.

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.

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8. Risk Management (continued)

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. Changes in the District's insurance claims liability amount in fiscal years 2022, 2021, and 2020 were:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2021-2022	\$ 81,173		\$ (81,173)	\$ -
2020-2021	59,050	\$ 25,000	(2,877)	81,173
2019-2020	47,125	18,500	(6,575)	59,050

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.

The Board of Education
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County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2022

10. Interfund Receivables and Payables

The total interfund accounts receivables and payables for the District are as follows at June 30, 2022:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,033,741	\$ 2,789,839
Special Revenue Fund	314	776,032
Capital Projects Fund	2,131,028	
Enterprise Fund - Food Service	400,788	
	<u>\$ 3,565,871</u>	<u>\$ 3,565,871</u>

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, 2022 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 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

The Board of Education
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County of Middlesex

Notes to the Basic Financial Statements

Year ended June 30, 2022

12. Contingent Liabilities (continued)

eligible costs requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$	2,400,100
Add: June Deposit by Board Resolution		1,500,000
Transfer to Capital Projects Fund		<u>(1,000,000)</u>
Ending Balance, June 30, 2022	\$	<u>2,900,100</u>

At June 30, 2022, 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, 2022

14. Commitments

The District has contractual commitments at June 30, 2022 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$895,190.

In addition, the District has \$3,204,654 of contractual commitments at June 30, 2022 to vendors related to the ongoing construction projects, recorded as restricted for capital projects, in the capital projects fund.

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

	June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset) - Local Group	0.0711596323%	0.0712574900%	0.0702785216%	0.0718815312%	0.0730781486%	0.0735984367%	0.0732122503%	0.0714014190%	0.0713357094%	Not available
District's proportionate share of the net pension liability (asset)	\$ 8,429,925	\$ 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
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
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.80%	221.98%	249.01%	278.54%	337.30%	424.14%	324.44%	267.80%	277.01%	Not available
Plan fiduciary net position as a percentage of the total pension liability - Local Group	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	Not available

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

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

	2022	2021	2020	2019	2018	June 30, 2017	2016	2015	2014	2013
Contractually required contribution	\$ 883,362	\$ 779,521	\$ 685,773	\$ 717,476	\$ 684,018	\$ 676,991	\$ 653,838	\$ 629,429	\$ 588,623	\$ 537,500
Contributions in relation to the contractually required contribution	(883,362)	(779,521)	(685,773)	(717,476)	(684,018)	(676,991)	(653,838)	(629,429)	(588,623)	(537,500)
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	\$ 5,400,346	\$ 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
Contributions as a percentage of covered-employee payroll	16.36%	14.59%	13.10%	14.11%	13.46%	13.42%	12.72%	12.43%	11.79%	10.92%

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.1667938390%	0.1663261017%	0.1725232996%	0.1688990540%	0.1701222442%	0.1720627833%	0.1733467542%	0.1725283819%	0.1830768662%	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	\$ 80,186,453	\$ 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
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 80,186,453</u>	<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>
Plan fiduciary net position as a percentage of the total pension liability	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	Not available

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

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, 2022	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%	0.18%	0.19%	0.25%
District's proportionate share of the OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the District	106,238,524	120,769,762	77,127,626	85,463,086	133,724,194
Total proportionate share of the OPEB liability associated with the District	<u>\$ 106,238,524</u>	<u>\$ 120,769,762</u>	<u>\$ 77,127,626</u>	<u>\$ 85,463,086</u>	<u>\$ 133,724,194</u>
Balance, beginning of year	\$ 120,769,762	\$ 77,127,626	\$ 85,463,086	\$ 133,724,194	\$ 142,358,487
Increased by:					
Service cost	4,741,168	2,682,329	2,425,206	5,468,581	6,534,945
Interest cost	2,755,939	2,757,977	3,357,244	4,943,956	4,201,250
Changes of assumptions or other inputs	104,812	22,060,485	1,149,979		
Differences between expected and actual experiences		18,180,120			
Member contributions	70,456	63,727	70,182	78,982	114,052
	128,442,137	122,872,264	92,465,697	144,215,713	153,208,734
Decreased by:					
Changes of assumptions or other inputs	113,078			9,807,317	16,387,204
Differences between expected and actual experiences	19,919,627		12,970,483	46,660,058	
Gross benefit payments	2,170,908	2,102,502	2,367,588	2,285,252	3,097,336
Balance, end of year	<u>\$ 106,238,524</u>	<u>\$ 120,769,762</u>	<u>\$ 77,127,626</u>	<u>\$ 85,463,086</u>	<u>\$ 133,724,194</u>
Covered by employee payroll	\$ 23,349,045	\$ 23,973,030	\$ 23,672,558	\$ 22,954,009	\$ 22,566,052
Total OPEB liability as a percentage of covered employee payroll.	455.00%	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, 2022

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

There were none.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

**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 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

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, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 26,837,956		\$ 26,837,956	\$ 26,837,958	\$ 2
Tuition Charges	563,000		563,000	446,625	(116,375)
Miscellaneous	490,369		490,369	750,731	260,362
Total - Local Sources	27,891,325	-	27,891,325	28,035,314	143,989
State Sources:					
Equalization Aid	13,935,028		13,935,028	13,935,028	-
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)				1,328,350	1,328,350
TPAF Pension (On-Behalf - Non-Budgeted)				6,902,868	6,902,868
TPAF Post-Retirement Medical Contribution				1,615,996	1,615,996
Total State Sources	15,949,195	-	15,949,195	25,796,409	9,847,214
Federal Sources:					
Medicaid Reimbursement	38,705		38,705	41,495	2,790
Medicaid Admin Clearing Reimbursement				6,395	6,395
Total Federal Sources	38,705	-	38,705	47,890	9,185
Total Revenues	43,879,225	-	43,879,225	53,879,613	10,000,388
EXPENDITURES:					
Current Expenditures:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	6,041,470	\$ 30,000	6,071,470	6,016,868	54,602
Purchased Educational Services	15,000		15,000		15,000
Other Purchased Services	3,907		3,907		3,907
General Supplies	248,150	440,982	689,132	582,902	106,230
Textbooks	126,250	106,929	233,179	215,061	18,118
Other Objects	4,000		4,000		4,000
Regular Programs - Home Instruction					
Salaries of Teachers	25,000		25,000	9,320	15,680
Purchased Educational Services	20,000	10,532	30,532	13,224	17,308
Total Regular Programs	6,483,777	588,443	7,072,220	6,837,375	234,845
Bilingual Education - Instruction					
Salaries of Teachers	159,508	(80,000)	79,508	69,007	10,501
General Supplies	3,820		3,820	396	3,424
Total Bilingual Education - Instruction	163,328	(80,000)	83,328	69,403	13,925
Regular Vocational Programs - Local - Instruction					
Salaries of Teachers	3,366,855	75,000	3,441,855	3,353,678	88,177
Purchased Professional-Educational Services	25,000		25,000	6,368	18,632
Other Purchased Services	372,350	(80,000)	292,350	246,986	45,364
General Supplies	487,600	90,518	578,118	507,242	70,876
Textbooks	32,450		32,450	20,513	11,937
Other Objects	6,000		6,000	4,606	1,394
Total Regular Vocational Programs - Local - Instruction	4,290,255	85,518	4,375,773	4,139,393	236,380
Special Vocational Programs - Local - Instruction					
Salaries of Teachers	3,401,895	(225,000)	3,176,895	3,112,775	64,120
Purchased Professional-Educational Services	5,000		5,000		5,000
Other Purchased Services	202,785		202,785	169,545	33,240
General Supplies	269,537	73,366	342,903	294,658	48,245
Textbooks	30,000	(20,000)	10,000	1,850	8,150
Other Objects	4,000		4,000	880	3,120
Total Special Vocational Programs - Local - Instruction	3,913,217	(171,634)	3,741,583	3,579,708	161,875

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, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Co curricular Actvts. - Instruction					
Salaries	\$ 184,834		\$ 184,834	\$ 174,512	\$ 10,322
General Supplies	7,500		7,500	1,519	5,981
Other Objects	19,000	\$ 10,000	29,000	22,435	6,565
Transfers to Cover Deficit (Agency Funds)	2,000		2,000		2,000
Total School-Spon. Co curricular Actvts. - Instruction	213,334	10,000	223,334	198,466	24,868
School-Spon. Athletics - Instruction					
Salaries	377,708		377,708	349,527	28,181
Purchased Services	50,540	5,000	55,540	47,905	7,635
Supplies and Materials	92,020	(14,633)	77,387	59,568	17,819
Other Objects	29,600		29,600	25,418	4,182
Total School-Spon. Athletics - Instruction	549,868	(9,633)	540,235	482,418	57,817
Total Instruction	15,613,779	422,694	16,036,473	15,306,763	729,710
Undistributed Expenditures:					
Undist. Expend. - Health Services					
Salaries	378,587	10,000	388,587	378,390	10,197
Purchased Professional Services	55,000	20,000	75,000	64,730	10,270
Supplies and Materials	17,500		17,500	13,462	4,038
Other Objects	1,000		1,000		1,000
Total Undistributed Expenditures - Health Services	452,087	30,000	482,087	456,582	25,505
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries of Other Professional Staff	82,911	2,000	84,911	83,107	1,804
Educational Services	1,000	1,500	2,500	2,200	300
Supplies and Materials	3,000		3,000	1,904	1,096
Total Undist. Expend.-Other Supp. Serv. Students-Related Serv.	86,911	3,500	90,411	87,211	3,200
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	924,913	(41,000)	883,913	853,671	30,242
Salaries of Secretarial and Clerical Assistants	242,925		242,925	236,472	6,453
Unused Vacation Payment	500	5,000	5,500	1,838	3,662
Other Purchased and Technical Services	2,000		2,000		2,000
Other Purchased Services	2,500		2,500	800	1,700
Supplies and Materials	23,500		23,500	9,122	14,378
Other Objects	5,000		5,000	2,183	2,817
Total Undist. Expend. - Guidance	1,201,338	(36,000)	1,165,338	1,104,086	61,252
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	557,847	30,000	587,847	561,970	25,877
Salaries of Secretarial and Clerical Assistants	159,007		159,007	159,007	
Unused Vacation Payment	500	1,500	2,000	598	1,402
Other Purchased and Technical Services	20,000		20,000	19,260	740
Other Purchased Services	6,400	2,500	8,900	3,210	5,690
Supplies and Materials	7,700		7,700	5,466	2,234
Other Objects	2,750		2,750		2,750
Total Undist. Expend. - Child Study Teams	754,204	34,000	788,204	749,511	38,693
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	507,003	45,000	552,003	550,316	1,687
Salaries of Secretarial and Clerical Assistants	72,318		72,318	67,172	5,146
Unused Vacation Payment	500	10,000	10,500	8,711	1,789
Purchased Professional - Educational Services	4,875		4,875	3,677	1,198
Other Purchased Prof. and Tech. Services	5,650		5,650		5,650
Other Purchased Services	6,500		6,500	1,368	5,132
Supplies and Materials	19,000		19,000	1,665	17,335
Other Objects	1,900		1,900		1,900
Total Undist. Expend. - Improvement of Inst. Serv.	617,746	55,000	672,746	632,909	39,837
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	405,860	(31,500)	374,360	337,441	36,919
Supplies and Materials	63,000	85,000	148,000	89,350	58,650
Total Undist. Expend. - Edu. Media Serv./Sch. Library	468,860	53,500	522,360	426,791	95,569

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, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	\$ 89,471	\$ 10,000	\$ 99,471	\$ 97,115	\$ 2,356
Salaries of Secretarial and Clerical Assistants	12,762		12,762	11,854	908
Purchased Professional - Educational Services	24,375	12,420	36,795	33,834	2,961
Other Purchased Prof. and Tech. Services	650		650		650
Other Purchased Services	21,500		21,500	9,943	11,557
Supplies and Materials	3,000		3,000	785	2,215
Other Objects	2,000		2,000		2,000
Total Undist. Expend. - Instructional Staff Training Serv.	153,758	22,420	176,178	153,531	22,647
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	677,198	119,000	796,198	786,139	10,059
Other Purchased Professional Services	124,400	241,109	365,509	286,312	79,197
Purchased Technical Services	113,000	39,400	152,400	141,138	11,262
Communications/Telephone	272,400		272,400	245,358	27,042
BOE Other Purchased Services	5,500		5,500		5,500
Other Purchased Services	161,320	60,249	221,569	149,174	72,395
Supplies and Materials	30,000	9,193	39,193	22,358	16,835
BOE Meeting Supplies	3,000		3,000	957	2,043
Miscellaneous Expenditures	47,775	15,000	62,775	56,225	6,550
BOE Membership Dues and Fees	39,500		39,500	37,344	2,156
Total Undist. Expend. - Supp. Serv. - General Admin.	1,474,093	483,951	1,958,044	1,725,005	233,039
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	2,064,879	(55,000)	2,009,879	1,983,886	25,993
Salaries of Secretarial and Clerical Assistants	672,108	8,000	680,108	664,060	16,048
Purchased Professional and Technical Services	500		500		500
Other Purchased Services	20,500		20,500	9,973	10,527
Supplies and Materials	112,363	14,360	126,723	68,868	57,855
Other Objects	14,000		14,000	2,001	11,999
Total Undist. Expend. - Support Serv. - School Admin.	2,884,350	(32,640)	2,851,710	2,728,788	122,922
Undist. Expend. - Support Serv.-Central Services					
Salaries	869,402	1,000	870,402	869,933	469
Purchased Professional Services	500		500		500
Purchased Technical Services	500		500		500
Other Purchased Services	32,400	45	32,445	28,706	3,739
Supplies and Materials	28,100	18,969	47,069	34,580	12,489
Other Objects	4,000		4,000	3,120	880
Total Undist. Expend. - Support Serv.-Central Services	934,902	20,014	954,916	936,339	18,577
Undist. Expend. - Support Serv. - Admin. Info. Technology					
Salaries	619,335		619,335	611,743	7,592
Purchased Professional Services	1,000		1,000		1,000
Purchased Technical Services	4,500	27,500	32,000	17,900	14,100
Other Purchased Services	12,500		12,500	10,983	1,517
Supplies and Materials	145,346	210,768	356,114	332,463	23,651
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Support Serv.- Admin. Info. Technology	783,681	238,268	1,021,949	973,089	48,860
Undist. Expend. - Required Maint. For Sch. Facilities					
Salaries	546,160	(50,000)	496,160	463,644	32,516
Unused Vacation Payment	500		500		500
Cleaning, Repair and Maintenance Services	540,392	216,213	756,605	419,650	336,955
General Supplies	174,500	199,989	374,489	271,730	102,759
Total Undist. Expend. - Required Maint. For Sch. Facilities	1,261,552	366,202	1,627,754	1,155,024	472,730

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, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	\$ 2,097,720	\$ (48,500)	\$ 2,049,220	\$ 2,003,927	\$ 45,293
Unused Vacation Payment	500	8,500	9,000	4,703	4,297
Purchased Professional and Technical Services	535,000	(43,015)	491,985	441,800	50,185
Cleaning, Repair and Maintenance Services	384,423	58,793	443,216	410,795	32,421
Lease Purchase Payment - ESIP	980,000	50,000	1,030,000	1,027,279	2,721
Other Purchased Property Services	170,900	15,000	185,900	149,892	36,008
Insurance	295,500		295,500	289,710	5,790
Miscellaneous Purchased Services	5,000		5,000	843	4,157
General Supplies	177,500	24,900	202,400	159,020	43,380
Energy (Natural Gas)	401,055		401,055	337,564	63,491
Energy (Electricity)	1,158,458	(135,000)	1,023,458	855,524	167,934
Other Objects	15,000		15,000	12,383	2,617
Total Undist. Expend. - Other Oper. & Maint. Of Plant	6,221,056	(69,322)	6,151,734	5,693,440	458,294
Care and Upkeep of Grounds					
Salaries	519,884	(24,500)	495,384	468,162	27,222
Unused Vacation Payment	500	4,500	5,000	3,008	1,992
Purchased Professional and Technical Services	500		500		500
Cleaning, Repair and Maintenance Services	160,000	82,000	242,000	210,854	31,146
General Supplies	70,000	42,957	112,957	86,842	26,115
Other Objects	1,000		1,000		1,000
Total Care and Upkeep of Grounds	751,884	104,957	856,841	768,866	87,975
Security					
Purchased Professional and Technical Services	360,000		360,000	283,526	76,474
Cleaning, Repair and Maintenance Services	22,500	5,000	27,500	19,795	7,705
General Supplies	15,000		15,000	9,705	5,295
Other Objects	1,000		1,000		1,000
Total Security	398,500	5,000	403,500	313,026	90,474
Undist. Expend. - Student Transportation Serv.					
Salaries	26,911		26,911	26,911	
Contract Services (Other than Between Home & Sch)-Vendors	186,165		186,165	126,915	59,250
Total Undist. Expend. - Student Transportation Serv.	213,076	-	213,076	153,826	59,250
Unallocated Benefits					
Social Security Contributions	525,000	50,000	575,000	565,558	9,442
Other Retirement Contributions - Regular	820,000	20,000	840,000	834,149	5,851
Unemployment Compensation	92,440	(20,000)	72,440	1,915	70,525
Workmen's Compensation	354,500	(50,000)	304,500	265,812	38,688
Health Benefits	6,435,356	(952,500)	5,482,856	5,162,487	320,369
Tuition Reimbursement	100,000		100,000	65,947	34,053
Unused Sick Payment	80,000	50,000	130,000	119,996	10,004
Total Unallocated Benefits	8,407,296	(902,500)	7,504,796	7,015,864	488,932
TPAF Social Security (Reimbursed - Non-Budgeted)				1,328,350	(1,328,350)
TPAF Pension (On-Behalf - Non-Budgeted)				6,902,868	(6,902,868)
TPAF Post-Retirement Medical Contribution				1,615,996	(1,615,996)
Total On-behalf Contributions				9,847,214	(9,847,214)
Total Personal Services-Employee Benefits	8,407,296	(902,500)	7,504,796	16,863,078	(9,358,282)
Total Undistributed Expenditures	27,065,294	376,350	27,441,644	34,921,102	(7,479,458)
Total General Current Expense	42,679,073	799,044	43,478,117	50,227,865	(6,749,748)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services					
Equipment	30,000	44,300	74,300	69,507	4,793
Architecture/Engineering Services	50,000	(50,000)			
Construction Services	800,000	127,573	927,573	763,031	164,542
Assessment for Debt Serv on SDA Funding	98,382		98,382	98,382	
Total Facilities Acquisition and Construction Services	978,382	121,873	1,100,255	930,920	169,335
Total Capital Outlay	978,382	121,873	1,100,255	930,920	169,335

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, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Schools:					
Post - Secondary Programs - Instruction					
Salaries of Teachers	\$ 626,248		\$ 626,248	\$ 544,309	\$ 81,939
Purchased Prof. and Tech. Services	5,800		5,800		5,800
Other Purchased Services	5,200		5,200		5,200
General Supplies	65,500	\$ 4,599	70,099	31,423	38,676
Textbooks	4,675		4,675		4,675
Other Objects	3,200		3,200		3,200
Total Post - Secondary Programs - Instruction	710,623	4,599	715,222	575,732	139,490
Post - Secondary Programs - Support Services					
Salaries	93,655	(5,000)	88,655	40,573	48,082
Unused Vacation Payment	500	5,000	5,500	4,083	1,417
Other Purchased Services	2,000		2,000	544	1,456
Supplies and Materials	4,000		4,000	500	3,500
Other Objects	2,000		2,000		2,000
Total Post - Secondary Programs - Support Services	102,155	-	102,155	45,700	56,455
Total Post - Secondary Programs	812,778	4,599	817,377	621,432	195,945
Vocational Evening-Local-Instruction					
Salaries of Teachers	237,510		237,510	172,007	65,503
Other Salaries for Instruction	1,000		1,000	468	532
General Supplies	84,900		84,900	10,341	74,559
Textbooks	16,300		16,300	1,618	14,682
Total Vocational Evening-Local-Instruction	339,710	-	339,710	184,434	155,276
Vocational Evening-Local-Support Serv.					
Salaries	316,782		316,782	311,229	5,553
Unused Vacation Payment	500		500		500
Supplies and Materials	23,750		23,750	876	22,874
Other Objects	28,250		28,250	7,989	20,261
Total Vocational Evening-Local-Support Serv.	369,282	-	369,282	320,094	49,188
Total Vocational Evening-Local	708,992	-	708,992	504,528	204,464
Total Special Schools	1,521,770	4,599	1,526,369	1,125,960	400,409
Total Expenditures	45,179,225	925,516	46,104,741	52,284,745	(6,180,004)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(1,300,000)	(925,516)	(2,225,516)	1,594,868	3,820,384
Other Financing Sources (Uses):					
Transfer to Capital Projects Fund	(1,000,000)		(1,000,000)	(1,000,000)	
Total Other Financing Sources (Uses)	(1,000,000)		(1,000,000)	(1,000,000)	-
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)	\$ (2,300,000)	\$ (925,516)	\$ (3,225,516)	\$ 594,868	\$ 3,820,384
Fund Balance, July 1	8,419,086		8,419,086	8,419,086	
Fund Balance, June 30	\$ 6,119,086	\$ (925,516)	\$ 5,193,570	\$ 9,013,954	\$ 3,820,384
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (2,300,000)		\$ (2,300,000)	\$ 1,520,384	\$ 3,820,384
Adjustment for prior year encumbrances		\$ (925,516)	(925,516)	(925,516)	
Total	\$ (2,300,000)	\$ (925,516)	\$ (3,225,516)	\$ 594,868	\$ 3,820,384
Recapitulation of fund balance:					
Restricted Fund Balance:					
Capital reserve account - restricted				\$ 2,900,100	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,335,134	
Excess Surplus - Current Year				1,262,413	
Assigned Fund Balance:					
Year-end encumbrances - assigned				895,190	
Designated for subsequent year's expenditures - assigned				14,866	
Unassigned Fund Balance				2,606,251	
				9,013,954	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				(1,583,981)	
Fund Balance per Governmental Funds (GAAP)				\$ 7,429,973	

**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, 2022**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 630,660	\$ (209,515)	\$ 421,145	\$ 542,033	\$ 120,888
State Sources	269,970	(103,677)	166,293	166,293	
Federal Sources	8,710,890	(4,426,562)	4,284,328	4,284,328	
Total Revenues	<u>9,611,520</u>	<u>(4,739,754)</u>	<u>4,871,766</u>	<u>4,992,654</u>	<u>120,888</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	1,952,348	(1,239,048)	713,300	713,300	
Purchased Professional and Technical Services	39,675	(11,314)	28,361	28,361	
Other Purchased Services	64,425	(35,488)	28,937	28,937	
General Supplies	884,901	(152,325)	732,576	732,576	
Other Objects	2,400		2,400	2,400	
Total Instruction	<u>2,943,749</u>	<u>(1,438,175)</u>	<u>1,505,574</u>	<u>1,505,574</u>	<u>-</u>
Support Services					
Salaries of Other Professional Staff	714,369	(115,186)	599,183	599,183	
Personal Services - Employee Benefits	845,832	(291,577)	554,255	554,255	
Other Purchased Professional Services	806,656	(621,765)	184,891	184,891	
Purchased Property Services	51,000	(51,000)		-	
Travel	11,796	(5,880)	5,916	5,916	
Other Purchased Services	141,802	(80,442)	61,360	61,360	
Supplies & Materials	166,853	(116,035)	50,818	50,818	
Student Activities	241,000		241,000	424,380	(183,380)
Scholarship Miscellaneous expense	210		210	210	
Total Support Services	<u>2,979,518</u>	<u>(1,281,885)</u>	<u>1,697,633</u>	<u>1,881,013</u>	<u>(183,380)</u>
Facilities Acquisition and Construction Services					
Building	3,341,984	(1,968,882)	1,373,102	1,373,102	
Instructional Equipment	315,269	(19,812)	295,457	295,457	
Non Instructional Equipment	31,000	(31,000)			
Total Facilities Acquisition and Construction Services	<u>3,688,253</u>	<u>(2,019,694)</u>	<u>1,668,559</u>	<u>1,668,559</u>	<u>-</u>
Total Expenditures	<u>9,611,520</u>	<u>(4,739,754)</u>	<u>4,871,766</u>	<u>5,055,146</u>	<u>(183,380)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,492)</u>	<u>\$ (62,492)</u>
Fund Balance, July 1				<u>216,037</u>	
Fund Balance, June 30				<u>\$ 153,545</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 148,113	
Scholarships				<u>5,432</u>	
Total Fund Balance				<u>\$ 153,545</u>	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
Budget to GAAP Reconciliation
Year Ended June 30, 2022**

**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] \$ 53,879,613	[C-2] \$ 4,992,654
Difference - budgetary to GAAP:		
State aid payments recognized for budgetary purposes, not recognized for GAAP statements		
Prior year	1,464,897	
Current year	(1,583,981)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 53,760,529</u>	[B-2] <u>\$ 4,992,654</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, 2022

	Total Brought Forward (Ex. E-1a)	Title I Part A Regular Program	Reallocated Title I C/O	Title II Part A Regular Program	Title II Part A C/O Program	Title IV Regular Program	I.D.E.A Part B Regular Program	Carl Perkins Entitlement Secondary Program Federal	Carl Perkins Entitlement Secondary Program Reserve	ESSER II	ESSER II Learning	Totals
REVENUES:												
Local Sources	\$ 542,033											\$ 542,033
State Sources	166,293											166,293
Federal Sources	995,670	\$ 523,955	\$ 3,621	\$ 46,448	\$ 17,784	\$ 58,303	\$ 625,310	\$ 703,387	\$ 70,384	\$ 1,167,432	\$ 72,034	4,284,328
Total Revenues	\$ 1,703,996	\$ 523,955	\$ 3,621	\$ 46,448	\$ 17,784	\$ 58,303	\$ 625,310	\$ 703,387	\$ 70,384	\$ 1,167,432	\$ 72,034	\$ 4,992,654
EXPENDITURES:												
Instruction												
Salaries of Teachers	\$ 123,141	\$ 295,905					\$ 110,472	\$ 116,867			\$ 66,915	\$ 713,300
Purchased Professional and Technical Services	400	19,500	\$ 3,461						\$ 5,000			28,361
Other Purchased Services	28,937											28,937
General Supplies	277,110	19,229	160			\$ 14,476		238,169	\$ 70,384	113,048		732,576
Other Objects	2,400											2,400
Total Instruction	431,988	334,634	3,621			14,476	110,472	355,036	70,384	118,048	66,915	1,505,574
Support Services												
Salaries of Other Professional Staff	195,744	3,960			\$ 16,520	28,378	297,907	13,280		43,394		599,183
Personal Services - Employee Benefits	46,072	181,061			1,264	15,075	216,931	72,510		16,223	5,119	554,255
Other Purchased Professional & Technical Services	75,424	4,300		\$ 46,081		374		5,625		53,087		184,891
Travel	5,916											5,916
Other Purchased Services	51,048							5,200		5,112		61,360
Supplies & Materials	4,205			367						46,246		50,818
Student Activities	424,380											424,380
Scholarship Miscellaneous expense	210											210
Total Support Services	802,999	189,321		46,448	17,784	43,827	514,838	96,615		164,062	5,119	1,881,013
Facilities Acquisition and Construction Services												
Instructional Equipment	43,721							251,736				295,457
Building	487,780									885,322		1,373,102
Total Facilities Acquisition and Construction Services	531,501							251,736		885,322		1,668,559
Total Expenditures	1,766,488	523,955	3,621	46,448	17,784	58,303	625,310	703,387	70,384	1,167,432	72,034	5,055,146
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,492)	-	-	-	-	-	-	-	-	-	-	(62,492)
Fund Balance, July 1	216,037	-	-	-	-	-	-	-	-	-	-	216,037
Fund Balance, June 30	\$ 153,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,545

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	Cares Act	ARP IDEA	ARP ESSER	ARP ESSER Accelerated Learning	Rockhind Wagner Foundation	Total Carried Forward
REVENUES:													
Local Sources	\$ 539,633											\$ 2,400	\$ 542,033
State Sources		\$ 119,416	\$ 46,172				\$ 705						166,293
Federal Sources				\$ 111,516	\$ 12,527	\$ 87,518		\$ 137,345	\$ 53,804	\$ 575,560	\$ 17,400		985,670
Total Revenues	<u>\$ 539,633</u>	<u>\$ 119,416</u>	<u>\$ 46,172</u>	<u>\$ 111,516</u>	<u>\$ 12,527</u>	<u>\$ 87,518</u>	<u>\$ 705</u>	<u>\$ 137,345</u>	<u>\$ 53,804</u>	<u>\$ 575,560</u>	<u>\$ 17,400</u>	<u>\$ 2,400</u>	<u>\$ 1,703,986</u>
EXPENDITURES:													
Instruction													
Salaries of Teachers	\$ 63,580		\$ 23,060			\$ 18,456		\$ 18,045					\$ 123,141
Purchased Professional and Technical Services		\$ 400											400
Other Purchased Services	9,950		18,987										28,937
General Supplies	7,504	71,994	4,125				\$ 705	105,002		\$ 87,780			277,110
Other Objects													2,400
Total Instruction	<u>81,034</u>	<u>72,394</u>	<u>46,172</u>			<u>18,456</u>	<u>705</u>	<u>123,047</u>		<u>87,780</u>		<u>2,400</u>	<u>431,988</u>
Support Services													
Salaries of Other Professional Staff	50,069	1,260		\$ 70,904	\$ 11,169	50,342		12,000					195,744
Personal Services - Employee Benefits	15,069	96		8,680	1,209	18,720		2,298					46,072
Other Purchased Professional & Technical Services	3,000	1,220							\$ 53,804		\$ 17,400		75,424
Travel				5,916									5,916
Other Purchased Services	26,110			24,789	149								51,048
Supplies & Materials	2,253	725		1,227									4,205
Student Activities	424,380												424,380
Scholarship Miscellaneous expense	210												210
Total Support Services	<u>521,091</u>	<u>3,301</u>		<u>111,516</u>	<u>12,527</u>	<u>69,062</u>		<u>14,298</u>	<u>53,804</u>		<u>17,400</u>	<u>-</u>	<u>802,999</u>
Facilities Acquisition and Construction Services													
Instructional Equipment		43,721											43,721
Building										487,780			487,780
Facilities Acquisition and Construction Services		<u>43,721</u>								<u>487,780</u>			<u>531,501</u>
Total Expenditures	<u>602,125</u>	<u>119,416</u>	<u>46,172</u>	<u>111,516</u>	<u>12,527</u>	<u>87,518</u>	<u>705</u>	<u>137,345</u>	<u>53,804</u>	<u>575,560</u>	<u>17,400</u>	<u>2,400</u>	<u>1,766,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,492)	-	-	-	-	-	-	-	-	-	-	-	(62,492)
Fund Balance, July 1	216,037	-	-	-	-	-	-	-	-	-	-	-	216,037
Fund Balance, June 30	<u>\$ 153,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,545</u>

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, 2022

	PSA Contest	Project Lead The Way	NJSBAIG Safety Grant	Walmart Grant	Arts Integration	Arts Integration	Inmate Education		Alcohol Adolescents Program	Alcohol Adolescents Program	NJ Stem Grant	Student Activity Fund	Scholarship Fund	Total Carried Forward
							Regular Program	Carryover						
REVENUES:														
Local Sources	\$ 322	\$ 3,820	\$ 21,160	\$ 4,108	\$ 9,000	\$ 1,450	\$ 38,426	\$ 38,799	\$ 55,000	\$ 4,950	\$ 500	\$ 362,089	\$ 9	\$ 539,633
Total Revenues	<u>\$ 322</u>	<u>\$ 3,820</u>	<u>\$ 21,160</u>	<u>\$ 4,108</u>	<u>\$ 9,000</u>	<u>\$ 1,450</u>	<u>\$ 38,426</u>	<u>\$ 38,799</u>	<u>\$ 55,000</u>	<u>\$ 4,950</u>	<u>\$ 500</u>	<u>\$ 362,089</u>	<u>\$ 9</u>	<u>\$ 539,633</u>
EXPENDITURES														
Instruction														
Salaries of Teachers				\$ 1,020			\$ 31,337	\$ 30,723			\$ 500			\$ 63,580
Purchased Professional and Technical Services														9,950
Other Purchased Services					\$ 8,500	\$ 1,450								7,504
General Supplies		\$ 3,820		3,088	500		55	41						-
Other Objects														-
Total Instruction		<u>3,820</u>		<u>4,108</u>	<u>9,000</u>	<u>1,450</u>	<u>31,392</u>	<u>30,764</u>			<u>500</u>			<u>81,034</u>
Support Services														
Salaries of Other Professional Staff									\$ 50,069					50,069
Personal Services - Employee Benefits							7,034	8,035						15,069
Other Purchased Professional & Technical Services									3,000					3,000
Travel														
Other Purchased Services			\$ 21,160							\$ 4,950				26,110
Supplies & Materials	\$ 322								1,931					2,253
Student Activities												\$ 424,380		424,380
Scholarship Miscellaneous expense													\$ 210	210
Total Support Services	<u>322</u>		<u>21,160</u>	<u>-</u>			<u>7,034</u>	<u>8,035</u>	<u>55,000</u>	<u>4,950</u>		<u>424,380</u>	<u>210</u>	<u>521,091</u>
Total Expenditures	<u>322</u>	<u>3,820</u>	<u>21,160</u>	<u>4,108</u>	<u>9,000</u>	<u>1,450</u>	<u>38,426</u>	<u>38,799</u>	<u>55,000</u>	<u>4,950</u>	<u>500</u>	<u>424,380</u>	<u>210</u>	<u>602,125</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	(62,291)	(201)	(62,492)
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	210,404	5,633	216,037
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,113</u>	<u>\$ 5,432</u>	<u>\$ 153,545</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, 2022**

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2022</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	11,243,076		56,924
E-Rate	7/1/2016	177,257	177,257		
Capital Reserve Transfer	7/1/2017	450,000	390,562		59,438
Capital Outlay -County	7/1/2018	3,100,000	3,091,619		8,381
Capital Outlay -County	7/1/2019	3,100,000	2,953,261	\$ 78,459	68,280
E-Rate	7/1/2019	8,690	8,690		
Energy Savings Improvement Plan	7/1/2019	4,878,200	4,339,824	164,476	373,900
Capital Outlay -County	7/1/2020	3,500,000	1,557,734	1,584,610	357,656
Capital Outlay -County	7/1/2021	3,500,000		1,604,988	1,895,012
Capital Reserve Transfer	7/1/2021	1,000,000			1,000,000
Security Grant	7/1/2021	94,506		94,506	
Interest Income	6/30/2022	37,374			37,374
		<u>\$ 32,948,859</u>	<u>\$ 25,504,404</u>	<u>\$ 3,527,039</u>	<u>\$ 3,917,416</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, 2022**

Revenue

County Capital Contribution	\$	3,500,000
Transfer from Capital Reserve		1,000,000
Security Grant		94,506
Interest Income		234
Total Revenue		<u>4,594,740</u>

Expenditures

Purchased Professional and Technical Services		830,005
Construction Services		2,497,905
Other Objects		6,300
Equipment Purchases		192,829
Total Expenditures		<u>3,527,039</u>

Excess of revenues over expenditures		1,067,701
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Fund Balance - Beginning - July 1		2,849,715
Fund Balance - Ending - June 30	\$	<u><u>3,917,416</u></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, 2022**

	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	<u>\$ 10,268</u>	<u>\$ -</u>	<u>\$ 10,268</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	\$ 1,691,983		
Additional Eligible Cost	60,666		
Revised Eligible Cost	\$ 1,752,649		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		100%	
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, 2022**

	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	2,558,644		2,558,644
Construction Services	8,646,622		8,646,622
Other Objects	37,810		37,810
Equipment Purchases			
Total Expenditures	11,243,076	-	11,243,076
Excess (deficiency) of revenues Over (under) expenditures	\$ 56,924	\$ -	\$ 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-23	

**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, 2022**

	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, 2022**

	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	368,258		368,258
Construction Services	2,829,464		2,829,464
Other Objects	17,165		17,165
Equipment Purchases	175,675		175,675
Total Expenditures	<u>3,390,562</u>	<u>-</u>	<u>3,390,562</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 59,438</u>	<u>\$ -</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-23	

**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, 2022**

	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	3,100,000		3,100,000
Expenditures			
Purchased Professional and Technical Services	224,028		224,028
Construction Services	2,537,824		2,537,824
Other Objects	9,013		9,013
Equipment Purchases	320,754		320,754
Total Expenditures	3,091,619	-	3,091,619
Excess (deficiency) of revenues Over (under) expenditures	\$ 8,381	\$ -	\$ 8,381
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-23	

**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, 2022**

	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	274,836	\$ 1,006	275,842
Construction Services	2,418,399	77,453	2,495,852
Other Objects	9,050		9,050
Equipment Purchases	259,666		259,666
Total Expenditures	<u>2,961,951</u>	<u>78,459</u>	<u>3,040,410</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 146,739</u>	<u>\$ (78,459)</u>	<u>\$ 68,280</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		98%	
Original Target Completion Date		Jun-20	
Revised Target Completion Date		Jun-23	

**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, 2022**

	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	\$ 1,324,232	\$ 121,945	1,446,177
Construction Services	3,015,592	42,531	3,058,123
Other Objects			
Equipment Purchases			
Total Expenditures	4,339,824	164,476	4,504,300
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 538,376</u>	<u>\$ (164,476)</u>	<u>\$ 373,900</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		92%	
Original Target Completion Date		Jun-20	
Revised Target Completion Date		Jun-23	

**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, 2022**

	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	<u>3,500,000</u>	<u>-</u>	<u>3,500,000</u>
Expenditures			
Purchased Professional and Technical Services	335,664	\$ 265,567	601,231
Construction Services	941,376	1,313,194	2,254,570
Other Objects	10,486		10,486
Equipment Purchases	270,208	5,849	276,057
Total Expenditures	<u>1,557,734</u>	<u>1,584,610</u>	<u>3,142,344</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 1,942,266</u>	<u>\$ (1,584,610)</u>	<u>\$ 357,656</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	\$ 3,500,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 3,500,000		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		90%	
Original Target Completion Date		Jun-21	
Revised Target Completion Date		Jun-23	

**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, 2022**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2021/2022		\$ 3,500,000	\$ 3,500,000
Transfer from Capital Reserve		1,000,000	1,000,000
Security Grant		94,506	94,506
Total Revenue and Other Financing Sources	-	4,594,506	4,594,506
Expenditures			
Purchased Professional and Technical Services		441,487	441,487
Construction Services		1,064,727	1,064,727
Other Objects		6,300	6,300
Equipment Purchases		186,980	186,980
Total Expenditures	-	1,699,494	1,699,494
Excess (deficiency) of revenues Over (under) expenditures	\$ -	\$ 2,895,012	\$ 2,895,012
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	\$ 4,594,506		
Additional Eligible Cost			
Revised Eligible Cost	\$ 4,594,506		
Percentage Increase over Original			
Authorized Cost		0.00%	
Percentage Completion		37%	
Original Target Completion Date		Jun-22	
Revised Target Completion Date		Jun-24	

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, 2022**

	<u>HOSA Agency Fund</u>
ADDITIONS	
Contributions:	
Conference Fees	\$ 79,265
Membership Fees	34,012
	<u>113,277</u>
Miscellaneous income	<u>161</u>
Total additions	<u>113,438</u>
DEDUCTIONS	
Conference Registration fees	16,535
Supplies	16,331
Scholarships awarded	20,000
Other purchased services	10,244
Travel	<u>10,358</u>
Total deductions	<u>73,468</u>
Change	39,970
Amount held on-behalf of third party — beginning of the year	<u>187,011</u>
Amount held on-behalf of third party — end of the year	<u><u>\$ 226,981</u></u>

Long-Term Debt

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Schedule of Financed Purchases Payable
Year Ended June 30, 2022

Purpose	Interest Rate	Amount of Original Issue	Balance July 1, 2021	Paid	Balance June 30, 2022
Energy Conservation	2.5185%	\$ 11,300,000	\$ 9,094,449	\$ 434,763	\$ 8,659,686
Energy Conservation	1.4140%	\$ 4,878,200	4,613,168	300,905	4,312,263
			<u>\$ 13,707,617</u>	<u>\$ 735,668</u>	<u>\$ 12,971,949</u>

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)**

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021	2022
Governmental activities										
Net investment in capital assets	\$ 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	\$ 76,129,560
Restricted	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	9,194,708
Unrestricted (deficit)	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)	(12,883,894)
Total governmental activities net position	\$ 70,134,336	\$ 70,795,367	\$ 57,695,177	\$ 59,690,237	\$ 59,020,016	\$ 59,678,786	\$ 60,840,287	\$ 62,565,039	\$ 66,283,925	\$ 72,440,374
Business-type activities										
Net investment in capital assets	\$ 9,721	\$ 8,057	\$ 25,609	\$ 22,065	\$ 24,563	\$ 60,485	\$ 132,952	\$ 135,374	\$ 136,639	\$ 122,011
Unrestricted	59,931	58,037	90,919	146,033	211,984	266,586	248,069	88,890	229,900	430,122
Total business-type activities net position	\$ 69,652	\$ 66,094	\$ 116,528	\$ 168,098	\$ 236,547	\$ 327,071	\$ 381,021	\$ 224,264	\$ 366,539	\$ 552,133
District-wide										
Net investment in capital assets	\$ 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	\$ 76,251,571
Restricted	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	9,194,708
Unrestricted (deficit)	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)	(12,453,772)
Total district net position	\$ 70,203,988	\$ 70,861,461	\$ 57,811,705	\$ 59,858,335	\$ 59,256,563	\$ 60,005,857	\$ 61,221,308	\$ 62,789,303	\$ 66,650,464	\$ 72,992,507

Source: CAFR Schedule A-1 and District records.

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.

**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)**

	2022	2021	2020	2019	Fiscal Year Ended June 30,		2016	2015	2014	2013
					2018	2017				
Expenses										
Governmental activities										
Instruction										
Regular	\$ 9,960,724	\$ 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
Other special instruction	93,468	207,569	160,740	182,506	234,427	216,129	205,640	191,623	162,138	171,658
Vocational	11,394,968	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
Other instruction	863,633	906,489	897,586	1,060,995	1,174,394	1,042,272	974,667	868,378	764,677	730,939
Support Services:										
Support services - students & instruction	6,331,121	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
School administrative services	3,828,990	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
General administrative services	2,001,645	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
Plant operations and maintenance	8,094,966	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
Pupil transportation	163,211	92,371	168,874	213,877	184,127	173,030	182,001	183,989	158,097	150,246
Other Support Services	2,397,929	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
Special Schools	1,504,905	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
Interest Expense	285,544	300,100	251,485	253,618	277,874	287,798	286,471	53,756		
Unallocated depreciation	3,332,315	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
Total governmental activities expenses	50,253,419	55,837,707	51,901,938	56,243,909	64,596,109	59,551,045	53,801,130	51,607,923	46,100,214	45,911,455
Business-type activities:										
Food service	912,422	569,582	690,075	704,751	635,954	679,432	651,573	642,294	682,670	682,939
Total business-type activities expense	912,422	569,582	690,075	704,751	635,954	679,432	651,573	642,294	682,670	682,939
Total district expenses	<u>\$ 51,165,841</u>	<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>
Operating grants and contributions	\$ 3,386,587	\$ 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
Capital grants and contributions	94,506				252,827	186,154	729,817	97,659		
Total governmental activities program revenues	3,481,093	3,099,752	2,274,452	2,225,346	2,228,022	2,346,123	2,814,705	2,186,905	1,603,173	1,787,651
Business-type activities:										
Food service	46,738	3,786	170,568	272,516	248,098	260,886	251,358	239,175	230,385	252,010
Operating grants and contributions	1,051,278	708,071	362,750	486,185	478,380	486,995	451,785	453,553	448,727	422,879
Total business-type activities program revenues	1,098,016	711,857	533,318	758,701	726,478	747,881	703,143	692,728	679,112	674,889
Total district program revenues	<u>\$ 4,579,109</u>	<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>
Net (Expense)/Revenue										
Governmental activities	\$ (46,772,326)	\$ (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)
Business-type activities	185,594	142,275	(156,757)	53,950.00	90,524.00	68,449	51,570	50,434	(3,558)	(8,050)
Total district-wide net expense	<u>\$ (46,586,732)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 26,837,958	\$ 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
Unrestricted grants and contributions	20,851,194	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
County capital contribution	3,500,000	3,500,000	3,100,000	3,100,000	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 ERIP										
Tuition received	446,625	537,375	559,618	507,425	681,891	689,538	714,812	624,349	707,455	695,788
Investment earnings	234	1,416	2,893	16,271	11,030	2,879	461	190		
Miscellaneous income	1,292,764	875,817	1,080,355	727,012	965,871	711,183	709,554	633,934	704,347	612,616
Total governmental activities	52,928,775	56,456,841	51,182,246	55,180,064	63,026,857	56,534,701	52,981,485	49,954,499	45,158,072	44,856,050
Business-type activities:										
Miscellaneous income	-	-	-	-	-	-	-	-	-	21,019
Total business-type activities	-	-	-	-	-	-	-	-	-	21,019
Total district-wide	<u>\$ 52,928,775</u>	<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>
Change in Net Position										
Governmental activities	\$ 6,156,449	\$ 3,718,886	\$ 1,554,760	\$ 1,161,501	\$ 658,770	\$ (670,221)	\$ 1,995,060	\$ 533,481	\$ 661,031	\$ 732,246
Business-type activities	185,594	142,275	(156,757)	53,950	90,524	68,449	51,570	50,434	(3,558)	12,969
Total district	<u>\$ 6,342,043</u>	<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>

Source: ACFR Schedule A-2 and District records.
 GASB 84 was implemented in the 2021 fiscal year, which required the recognition of student activity reported as charges for services. The 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)

	2013		2014		2015		2016		Fiscal Year Ended June 30, 2017		2018		2019		2020 (Restated)		2021		2022	
General Fund																				
Restricted for																				
Assigned to	\$ 100	\$ 69,078	\$ 158,427	\$ 781,719	\$ 830,595	\$ 695,113	\$ 1,660,672	\$ 2,017,224	\$ 4,242,818	\$ 5,497,647										
Unassigned	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	910,056										
Total general fund	<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>	<u>\$ 7,429,973</u>										
All Other Governmental Funds																				
Unreserved, reported in:																				
Special revenue fund																				
Capital projects fund																				
Restricted for:																				
Capital Projects Fund	\$ 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	\$ 3,917,416										
Special revenue fund								169,992	216,037	153,545										
Total all other governmental funds	<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>	<u>\$ 4,070,961</u>										
Total Fund Balances	<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>	<u>\$ 11,500,934</u>										

Source: CAFR 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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Tax levy and county capital contribution	\$ 30,337,958	\$ 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
Tuition charges	446,625	537,375	559,618	507,425	681,891	689,538	714,812	624,349	707,455	695,788
E-Rate						177,257				
Interest earnings	234	1,416	2,893	16,271	11,030	2,879	461	190		-
Miscellaneous	1,292,764	875,817	1,080,355	727,012	965,871	711,183	709,554	633,933	737,638	695,899
State sources	25,938,124	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
Federal sources	4,332,218	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
Total revenue	62,347,923	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
Expenditures										
Instruction										
Regular instruction	7,648,052	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
Other special instruction	69,403	125,435	106,348	105,477	109,636	112,091	117,509	114,223	111,567	115,830
Vocational education instruction	8,413,998	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
Other instruction	680,884	598,751	636,536	686,709	638,756	611,480	623,385	581,921	576,153	541,036
Support Services:										
Student & instruction related services	4,937,379	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
General administration	1,725,005	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
School administrative services	2,728,788	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
Plant operations and maintenance	7,930,356	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
Pupil transportation	153,826	92,371	168,874	213,877	184,127	173,030	182,001	183,989	158,097	150,246
Other support services	1,909,428	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
Employee benefits	17,417,333	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
Capital outlay	6,126,518	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
Special schools	1,125,960	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
Total expenditures	60,866,930	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
Excess (Deficiency) of revenues over (under) expenditures	1,480,993	(1,339,737)	(320,983)	(3,351)	(1,088,575)	(1,571,441)	(5,074,221)	(3,055,930)	356,232	(1,405,895)
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	1,000,000				450,000					
Transfers out	(1,000,000)				(450,000)					
Total other financing sources (uses)	-	-	-	-	-	-	-	11,300,000	136,742	183,700
Net change in fund balances	\$ 1,480,993	\$ (1,339,737)	\$ (320,983)	\$ (3,351)	\$ (1,088,575)	\$ (1,571,441)	\$ (5,074,221)	\$ 8,244,070	\$ 492,974	\$ (1,222,195)
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)**

<u>Fiscal Year Ended June 30,</u>	<u>Sale of Materials</u>	<u>Registration Fees</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Sale of Obsolete Equipment</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
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
2022	14,358	414,518	5,965	5,630	71,811	238,449	750,731

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>
2013	821,811	42,828,680,265	\$ 52,115	7.4%
2014	824,331	44,102,532,831	53,501	6.0%
2015	825,471	45,022,839,282	54,542	5.0%
2016	925,298	52,008,224,686	56,207	4.4%
2017	826,972	47,872,582,108	57,889	4.1%
2018	825,677	49,992,265,319	60,547	3.6%
2019	824,394	51,660,650,010	62,665	3.1%
2020	822,736	54,827,127,040	66,640	8.7%
2021	860,807	N/A	N/A	5.70%
2022	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 2021 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**

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	79	82	86	81	85	80	79	79	82	82
Vocational	87	88	88	84	90	85	83	85	82	85
Support Services:										
Student & instruction related services	53	54	52	52	52	50	51	46	49	49
General administration	6	6	6	6	6	4	4	5	5	6
School administrative services	32	34	34	32	31	31	33	29	29	31
Central services	11	11	11	11	10	10	10	11	11	11
Administrative Information Technology	6	6	6	6	6	6	6	6	6	6
Plant operations and maintenance	48	48	49	49	49	48	48	50	48	46
Special Schools	16	15	15	15	16	14	13	13	11	8
Total	338	344	347	336	345	328	327	324	323	324

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				
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	3.90%	219	N/A	N/A	1:10	2,121.0	2,060.8	1.20%	96.61%
2022	2,609.5	54,740,412	20,977	4.20%	217	N/A	N/A	1:12	2,142.0	2,029.0	-1.54%	94.72%

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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<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	299	298	294	295	292	285	289	284	274	276
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	252	272	292	315	317	312	311	316	294	354
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	651	665	679	708	717	711	739	743	752	763
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	570	618	602	610	608	625	611	631	663	659
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	161	167	167	166	160	159	159	166	168	171

Number of Schools at June 30, 2022
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

	Perth Amboy New	Woodbridge	East Brunswick	Piscataway	Academy	Total
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
2022	156,391	135,318	390,858	373,411	99,046	1,155,024
Total School Facilities	<u>\$ 2,114,046</u>	<u>\$ 1,181,165</u>	<u>\$ 4,211,405</u>	<u>\$ 3,881,259</u>	<u>\$ 571,989</u>	<u>\$ 11,959,864</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, 2022
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 Coverage A	15,000
	300,000 Coverage B	15,000
5) Cyber Liability NJ School Boards Assoc. Ins. Group	10,000,000 Policy Aggregate	
	1,000,000 Per Incident	
6) Environmental Impairment - NJ School Boards Assoc. Ins. Group	11,000,000	50,000
7) Nurses Liability - Evanston Insurance	1,000,000 Per medical incident	1,000
	3,000,000 Annual aggregate	1,000
8) Fidelity Bonds	285,000 Business Adm./Board Secretary	
	285,000 Treasurer	
9) Workers Compensation NJ School Boards Assoc. Ins. Group	3,000,000 Per Occurance/Aggregate	

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, 2022, 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 2, 2023.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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**

Page 2

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

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 2, 2023

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

Opinion on Each Major Federal and State Program

We have audited the Middlesex County Vocational and Technical High School's, in the County of Mercer, 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, 2022. 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.

In our opinion, the District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance, and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

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

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

Page 3

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

Report on Internal Control Over Compliance

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

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

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 2, 2023

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, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2021	Cash Received	Budgetary Expenditures	(Accounts Receivable) at June 30, 2022	Amount Provided to Subarantees
General Fund:									
U.S. Department of Education									
Passed-Through State Department of Education:									
Medical Assistance Program	93.778	2005NJ5MAP	7/1/21-6/30/22	\$ 47,890		\$ 29,207	\$ (47,890)	\$ (18,683)	
Total General Fund						29,207	(47,890)	(18,683)	
Special Revenue Fund:									
U.S. Department of Education									
Passed-Through State Department of Education:									
Title I	84.010A	S010A210030	7/1/21-9/30/22	653,328		270,143	(523,955)	(253,812)	
Title I	84.010A	S010A200030	7/1/20-9/30/21	561,427	\$ (184,944)	184,944			
Reallocated Title I	84.010A	S010A200030	7/1/20-9/30/21	24,227	(4,284)	7,905	(3,621)		
					(189,228)	462,992	(527,576)	(253,812)	
Title II - A	84.367	S367A210029	7/1/21-9/30/22	125,322		26,541	(46,448)	(19,907)	
Title II - A	84.367	S367A200029	7/1/20-9/30/21	110,585	(8,500)	26,284	(17,784)		
					(8,500)	52,825	(64,232)	(19,907)	
Title IV	84.424	S424A210031	7/1/21-9/30/22	64,247		40,121	(58,303)	(18,182)	
Title IV	84.424	S424A200031	7/1/20-9/30/21	73,618	(13,949)	13,949			
					(13,949)	54,070	(58,303)	(18,182)	
Special Education Grant Cluster:									
I.D.E.A. Part B	84.027	S027A210100	7/1/21-9/30/22	625,310		341,912	(625,310)	(283,398)	
I.D.E.A. Part B	84.027	S027A200100	7/1/20-9/30/21	616,784	(217,703)	217,703			
ARP I.D.E.A.	84.027X	H027X210100	7/1/21-8/30/22	107,063		27,234	(53,804)	(26,570)	
Subtotal of Special Education Grant Cluster:					(217,703)	586,849	(679,114)	(309,968)	
Career and Technical Education (Entitlement Federal)	84.048	V048A210030	7/1/21-6/30/22	721,067		625,172	(703,387)	(78,215)	
Career and Technical Education (Entitlement Reserve)	84.048	V048A210030	7/1/21-6/30/22	76,082		70,052	(70,384)	(332)	
Career and Technical Education (Entitlement Federal)	84.048	V048A200030	7/1/20-6/30/21	746,349	(88,845)	88,845			
Career and Technical Education (Entitlement Reserve)	84.048	V048A200030	7/1/20-6/30/21	73,676	(11,753)	11,753			
					(100,598)	795,822	(773,771)	(78,547)	
CTSO-HOSA	84.000	22BE60G06	9/1/21-8/31/22	158,500		74,067	(111,516)	(37,449)	
CTSO-HOSA	84.000	21BE60G06	9/1/20-8/31/21	158,500	(40,933)	53,460	(12,527)		
					(40,933)	127,527	(124,043)	(37,449)	
Pre-Employment Transition Services	84.126A	not available	9/1/20-8/31/21	200,000	(54,827)	142,345	(87,518)		
Elementary and Secondary School Emergency Relief (ESSER) Cluster:									
COVID-19 CARES ESSER I	84.425D	S425D200027	3/13/20-9/30/22	432,601	(37,836)	175,181	(137,345)		
COVID-19 CRRSA-ESSER II	84.425D	S425D210027	3/13/20-9/30/23	1,679,283	(140,421)	972,933	(1,167,432)	(334,920)	
COVID-19 CRRSA-ESSER II Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	107,768		66,375	(72,034)	(5,659)	
ARP ESSER	84.425U	S425U210027	3/11/21-9/30/24	3,774,081		312,998	(575,560)	(262,562)	
ARP ESSER Accelerated Learning	84.425U	S425U210027	3/11/21-9/30/24	230,344			(17,400)	(17,400)	
Subtotal Elementary and Secondary School Emergency Relief (ESSER) Cluster:					(178,257)	1,527,487	(1,969,771)	(620,541)	
Total Special Revenue Fund					(803,995)	3,749,917	(4,284,328)	(1,338,406)	
Enterprise Fund:									
U.S. Department of Agriculture									
Passed - Through State Department of Agriculture:									
Child Nutrition Cluster:									
Food Donation Program (NC)	10.555	221NJ304N1099	7/1/21-6/30/22	74,840		74,840	(74,840)		
National School Lunch Program	10.555	221NJ304N1099	7/1/21-6/30/22	771,778		700,384	(771,778)	(71,394)	
National School Lunch Program	10.555	211NJ304N1099	7/1/20-6/30/21	320,940	(25,059)	25,059			
Federal PB Lunch - Healthy Hunger - Free Kids Act of 2010	10.555	211NJ304N1099	7/1/20-6/30/21	6,364	(497)	497			
COVID-19 Emergency Operational Cost Program-Schools	10.555	202121H170341	7/1/20-6/30/21	72,432	(72,432)	72,432			
School Breakfast Program	10.553	211NJ304N1099	7/1/21-6/30/22	185,907		164,791	(185,907)	(21,116)	
School Breakfast Program	10.553	211NJ304N1099	7/1/20-6/30/21	234,695	(23,375)	23,375			
After School Snack Program	10.555	211NJ304N1099	7/1/20-6/30/21	16,713	(6,101)	6,101			
Subtotal Child Nutrition Cluster					(127,464)	1,067,479	(1,032,525)	(92,510)	
P-EBT Administrative Cost	10.649	20222259000941	7/1/21-6/30/22	628		628	(628)		
P-EBT Administrative Cost	10.649	20212159000941	7/1/20-6/30/21	614	(614)	614			
Total Enterprise Fund					(128,078)	1,068,721	(1,033,153)	(92,510)	
Total Federal Awards					\$ (932,073)	\$ 4,847,845	\$ (5,365,371)	\$ (1,449,599)	\$ -

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, 2022

State Grantor Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Balance at June 30, 2022			MEMO	
				Unearned Rev/ (Accts. Rec)	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:											
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	\$ 13,935,028		\$ 12,551,087	\$ (13,935,028)				\$ (1,383,941)	\$ (13,935,028)
Special Education Categorical Aid	22-495-034-5120-089	7/1/21-6/30/22	1,421,678		1,280,488	(1,421,678)				(141,190)	(1,421,678)
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	592,489		533,639	(592,489)				(58,850)	(592,489)
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	12,743,678	\$ (1,264,976)	1,264,976						
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	1,421,678	(141,119)	141,119						
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	592,489	(58,802)	58,802						
TPAF Social Security Aid	22-495-034-5094-003	7/1/21-6/30/22	1,328,350		1,264,937	(1,328,350)	\$ (63,413)				(1,328,350)
On-Behalf TPAF Contributions:											
Pension Benefit Contributions	22-495-034-5094-002	7/1/21-6/30/22	6,902,868			(6,902,868)					(6,902,868)
Long-Term Disability Insurance Contribution	22-495-034-5094-001	7/1/21-6/30/22	3,207			(3,207)					(3,207)
Post Retirement Medical Contribution	22-495-034-5094-001	7/1/21-6/30/22	1,612,789			(1,612,789)					(1,612,789)
Total General Fund				<u>(1,464,897)</u>	<u>17,095,048</u>	<u>(25,796,409)</u>				<u>(1,583,981)</u>	<u>(25,796,409)</u>
Vocational Education-Carl Perkins Post-Secondary	22-100-034-5062-032	7/1/21-6/30/22	119,625		119,416	(119,416)					(119,416)
Pre-Apprentice in Career Education (PACE)	Not available	6/15/21-12/31/22	149,640		30,933	(46,172)	\$ (15,239)				(46,172)
Youth Transition to Work Grant 2019	Not available	1/1/19-6/30/19	7,313	705		(705)					(705)
Total Special Revenue Fund				<u>705</u>	<u>150,349</u>	<u>(166,293)</u>	<u>-</u>	<u>(15,239)</u>			<u>(166,293)</u>
Addt. State School Bldg Aid-SDA Grant	03-495-034-5120-016	7/1/15-present	1,412,532	(815,907)			(815,907)				(827,476)
Addt. State School Bldg Aid-SDA Grant	03-495-034-5120-016	7/1/16 - present	450,549	(450,549)			(450,549)				(438,981)
Security Grant	Not available	7/1/21-6/30/22	94,506		94,506	(94,506)					
Total Capital Projects Fund				<u>(1,266,456)</u>	<u>94,506</u>	<u>(94,506)</u>	<u>(1,266,456)</u>				<u>(1,266,457)</u>
National School Lunch Program (State Share)	22-100-010-3350-023	7/1/21-6/30/22	18,125		16,482	(18,125)	(1,643)				(18,125)
National School Lunch Program (State Share)	21-100-010-3350-023	7/1/20-6/30/21	16,576	(3,671)	3,671						(7,386)
Total Enterprise Fund				<u>(3,671)</u>	<u>20,153</u>	<u>(18,125)</u>	<u>(1,643)</u>				<u>(25,511)</u>
Total State Financial Assistance				<u>\$ (2,734,319)</u>	<u>\$ 17,360,056</u>	<u>\$ (26,075,333)</u>	<u>\$ (1,268,099)</u>	<u>\$ (15,239)</u>	<u>\$ -</u>	<u>\$ (1,583,981)</u>	<u>\$ (27,254,670)</u>
State Financial Assistance											
Not Subject to Single Audit Determination											
General Fund											
On-Behalf TPAF Contributions:											
Pension Benefit Contributions	22-495-034-5094-002	7/1/21-6/30/22	6,902,868			(6,902,868)					(6,902,868)
Long-Term Disability Insurance Contribution	22-495-034-5094-001	7/1/21-6/30/22	3,207			(3,207)					(3,207)
Post Retirement Medical Contribution	22-495-034-5094-001	7/1/21-6/30/22	1,612,789			(1,612,789)					(1,612,789)
Total State Financial Assistance											
Subject to Single Audit Determination				<u>\$ (2,734,319)</u>	<u>\$ 17,360,056</u>	<u>\$ (17,556,469)</u>	<u>\$ (1,268,099)</u>	<u>\$ (15,239)</u>	<u>\$ -</u>	<u>\$ (1,583,981)</u>	<u>\$ (18,735,806)</u>

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, 2022

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, 2022

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 (\$119,084) 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	\$ 47,890	\$ 25,677,325	\$ 25,725,215
Special Revenue Fund	4,284,328	166,293	4,450,621
Capital Projects Fund		94,506	94,506
Food Service Enterprise Fund	1,033,153	18,125	1,051,278
Total financial award revenues	<u>\$ 5,365,371</u>	<u>\$ 25,956,249</u>	<u>\$ 31,321,620</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, 2022.

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, 2022

5. Other (continued)

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2022 amounted to \$8,518,864. 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, 2022

Part I – Summary of Auditors’ Results

Financial Statements Section

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? Yes √ No

Are any significant deficiencies identified? Yes √ None Reported

Is any noncompliance material to financial statements noted? Yes √ No

Federal Awards

Internal control over major federal 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 federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes √ No

Identification of major federal programs:

AL Number(s)	FAIN Number	Name of Federal Program or Cluster
84.425D, 84.425U	S425D210027	Education Stabilization Fund (ESSER)
10.555, 10.553	221NJ304N1099	Child Nutrition Cluster
84.048	V048A210030	Career and Technical Education

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, 2022

Part I – Summary of Auditors’ 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, 2022

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, 2022

**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, 2022

No prior year findings were noted.