

**ESSEX COUNTY VOCATIONAL SCHOOLS  
NEWARK, NEW JERSEY**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**Prepared by:**

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

# **Annual Comprehensive Financial Report**

**of the**

**Essex County Vocational Schools**

**Newark, New Jersey**

**For the Fiscal Year Ended June 30, 2023**

**Prepared by**

**Essex County Vocational Schools  
Board of Education**

## OUTLINE OF ACFR

	Page
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	2
Organizational Chart.....	6
Roster of Officials .....	7
Consultants and Advisors .....	8
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report.....	10
<b>Required Supplementary Information - Part I</b>	
Management's Discussion and Analysis .....	14
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>A. District-Wide Financial Statements:</b>	
A-1 Statement of Net Position .....	22
A-2 Statement of Activities .....	23
<b>B. Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
B-1 Balance Sheet .....	26
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance.....	28
B-3 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	29
<b>Proprietary Funds:</b>	
B-4 Statement of Net Position .....	31
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position .....	32
B-6 Statement of Cash Flows .....	33
<b>Fiduciary Funds:</b>	
B-7 Statement of Fiduciary Net Position.....	N/A
B-8 Statement of Changes in Fiduciary Net Position .....	N/A
Notes to the Financial Statements.....	35
<b>Required Supplementary Information - Part II</b>	
<b>C. Budgetary Comparison Schedules:</b>	
C-1 Budgetary Comparison Schedule - General Fund .....	72
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.....	N/A
C-1b Community Development Block Grant - Budget and Actual .....	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund.....	79

**OUTLINE OF CAFR  
(Continued)**

	Page
<b>C. Budgetary Comparison Schedules: (Continued)</b>	
<b>Notes to Required Supplementary Information - Part II</b>	
C-3 Budget-to-GAAP Reconciliation .....	81
<b>Required Supplementary Information - Part III</b>	
<b>L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)</b>	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System .....	84
L-2 Schedule of District Contributions – Public Employees' Retirement System.....	85
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – Teachers' Pension and Annuity Fund .....	86
L-4 Schedule of the School District's Contribution Teachers' Pension And Annuity Fund (TPAF) .....	N/A
Notes to the Required Supplementary Information - Part III .....	89
<b>M. Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions</b>	
M-1 Schedule of the District's Changes in the Total OPEB Liability Related Ratios - Public Employees' Retirement System and Teachers' Pension and Annuity Fund .....	90
Notes to the Required Supplementary Information - Part III .....	92
<b>Other Supplementary Information</b>	
<b>D. School Based Budget Schedules (if applicable):</b>	
D-1 Combining Balance Sheet .....	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual .....	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual .....	N/A
<b>E. Special Revenue Fund:</b>	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis .....	96
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis .....	N/A
<b>F. Capital Projects Fund:</b>	
F-1 Summary Schedule of Project Expenditures .....	100
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis .....	101
F-2(x) Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis .....	N/A

# OUTLINE OF CAFR (Continued)

**Page**

## Other Supplementary Information (Continued)

### G. Proprietary Funds:

#### Enterprise Fund:

G-1 Combining Schedule of Net Position .....	N/A
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position.....	N/A
G-3 Combining Schedule of Cash Flows .....	N/A

#### Internal Service Fund:

G-4 Combining Schedule of Net Position .....	N/A
G-5 Combining Schedule of Revenues, Expenses and Changes in Fund Net Position.....	N/A
G-6 Combining Schedule of Cash Flows.....	N/A

### H. Fiduciary Fund (if applicable):

H-1 Combining Statement of Fiduciary Net Position .....	N/A
H-2 Combining Statement of Changes in Fiduciary Net Position.....	N/A

### I. Long-Term Debt:

I-1 Schedule of Serial Bonds .....	N/A
I-2 Schedule of Obligations Under Capital Leases .....	107
I-3 Debt Service Fund Budgetary Comparison Schedule.....	N/A
I-4 Schedule of Obligations Subscription-Based Information Technology Arrangements.....	N/A

## STATISTICAL SECTION (Unaudited)

### Introduction to the Statistical Section

#### Financial Trends

J-1 Net Assets by Component.....	111
J-2 Changes in Net Assets/Net Position .....	112
J-3 Fund Balances - Governmental Funds.....	114
J-4 Changes in Fund Balances - Governmental Funds .....	115
J-5 General Fund Other Local Revenue by Source .....	116

#### Revenue Capacity

J-6 Assessed Value and Estimated Actual Value of Taxable Property.....	118
J-7 Direct and Overlapping Property Tax Rates .....	119
J-8 Principal Property Taxpayers .....	120
J-9 Property Tax Levies and Collections.....	121

**OUTLINE OF CAFR  
(Continued)**

**STATISTICAL SECTION (Unaudited)  
(Continued)**

**Page**

**Introduction to the Statistical Section (Continued)**

**Debt Capacity**

J-10 Ratios of Outstanding Debt by Type .....	123
J-11 Ratios of General Bonded Debt Outstanding.....	124
J-12 Direct and Overlapping Governmental Activities Debt.....	125
J-13 Legal Debt Margin Information.....	126

**Demographic and Economic Information**

J-14 Demographic and Economic Statistics .....	128
J-15 Principal Employers .....	129

**Operating Information**

J-16 Full-Time Equivalent District Employees by Function/Program .....	131
J-17 Operating Statistics .....	132
J-18 School Building Information .....	133
J-19 Schedule of Required Maintenance Expenditures by School Facility.....	134
J-20 Insurance Schedule .....	135

**SINGLE AUDIT SECTION**

K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	137
K-2 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08 .....	139
K-3 Schedule of Expenditures of Federal Awards, Schedule A .....	142
K-4 Schedule of Expenditures of State Awards, Schedule B .....	143
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance .....	144
K-6 Schedule of Findings and Questioned Costs: ° Section I - Summary of Auditor's Results.....	147
° Section II - Financial Statement Findings.....	148
° Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs .....	149
K-7 Summary Schedule of Prior Year Audit Findings.....	150

## **INTRODUCTORY SECTION**



# Essex County Schools of Technology

## BOARD OF EDUCATION

REV. EDWIN D. LEAHY, O.S.B.  
PRESIDENT

ADRIANNE DAVIS  
VICE PRESIDENT

MEMBERS

REGINALD BLEDSOE  
SALVATORE CARNOVALE  
JENNIFER M. CARRILLO-PEREZ  
LEESANDRA MEDINA  
DR. CHRIS T. PERNELL

DR. JAMES M. PEDERSEN  
SUPERINTENDENT

BERNETTA DAVIS  
BUSINESS ADMINISTRATOR

LORI TANNER  
BOARD SECRETARY

M. MURPHY DURKIN, ESQ  
BOARD ATTORNEY

Honorable President and Members  
of the Board of Education  
Essex County Schools District  
County of Essex  
Newark, New Jersey 07102

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Essex County Vocational Schools District for the fiscal year ended June 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Essex County Vocational 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 reported in a manner designed to present fairly the financial position and results of operations of various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circulars 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid (NJOMB 15-08). Information related to this single audit including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

ESSEX COUNTY VOCATIONAL TECHNICAL SCHOOLS WAS ORGANIZED IN 1923

60 NELSON PLACE, 1 NORTH, NEWARK, NJ 07102 -TELEPHONE (973) 412-2050 - FAX (973) 242-3041

[www.essextech.org](http://www.essextech.org)



## 1. REPORTING ENTITY AND ITS SERVICES

As the county regional vocational school system, the district provides a full range of vocational and technical training to adult and high school students residing in Essex County. Over 96% of the district's high school students are full-time and receive a full range of educational services, academic programs and vocational-technical training in grades 9 to 12. The high school programs serve a wide range of students including special education programs for handicapped students and advanced tech prep programs for academically talented students.

Apart from full-time day and evening adult programs, the District oversees all apprenticeship training in the County and provides a wide-range of part-time vocational-technical training programs, customized training programs and basic skills, GED and ESL programs for adults.

The District reflected a 0.02% increase in average daily enrollment for high school students in 2022-2023. The District operated at full capacity and received more than two applications for every one student that it accepts into the 9<sup>th</sup> grade. The following details the changes in the student enrollment of the district over the last ten (10) years.

<u>Year</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>Attendance Percent</u>	<u>% Change in Average Daily Enrollment</u>
2022-23	2046	1972	96.4	-0.63
2021-22	2059	1956	95.0	1.77
2020-21	2352	2287	97.1	0.08
2019-20	2354	2287	97.1	0.02
2018-19	2,316	2211	95.5	0.03
2017-18	2,238	2140	95.6	0.62
2016-17	2,106	2,012	95.6	-0.02
2015-16	2,157	2,059	95.5	-0.05
2014-15	2,282	2,094	94.1	0.17
2013-14	2,215	2,109	95.2	0.50
2012-13	2,492	2,361	94.7	-0.30

## 2. INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable assurance and recognized 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 and GASB 34.

As a recipient of Federal and State financial assistance, the District is responsible for ensuring adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District's 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.

### 3. BUDGETARY CONTROL

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriate budget approved by the Board of School Estimate. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance 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 re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2023.

### 4. ACCOUNTING SYSTEM AND REPORTS

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

### 5. FINANCIAL INFORMATION OF FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and special revenue fund revenues for the fiscal year ended June 30, 2023, and the amount and percentages of increases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>
Local Sources	\$ 5,450,000
Tuition	12,689,664
State Sources	39,277,467
Federal Sources	<u>306,860</u>
Total	<u>\$ 57,723,991</u>

The following schedule presents a summary of general fund and special revenue expenditures for the fiscal year ended June 30, 2023:

<u>Expenditures</u>	<u>Amount</u>
Instruction	\$ 22,327,870
Support	39,941,134
Special School	167,280
Capital Outlay	<u>11,515,299</u>
Total	<u>\$ 73,951,583</u>

## **6. CASH MANAGEMENT**

The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statements", Note 2. 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 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 where the funds are secured in accordance with the Act.

## **7. RISK MANAGEMENT**

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

## **8. OTHER INFORMATION**

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Samuel Klein and Company was selected by the Board to audit the financial statements for the year ended June 30, 2022. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circulars 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid (NJOMB 15-08). The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' report related specifically to the single audit is included in the single audit section of this report.

## **9. ACKNOWLEDGMENTS**

We would like to express our appreciation to the members of the Essex County Vocational School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

*Bernetta Davis*

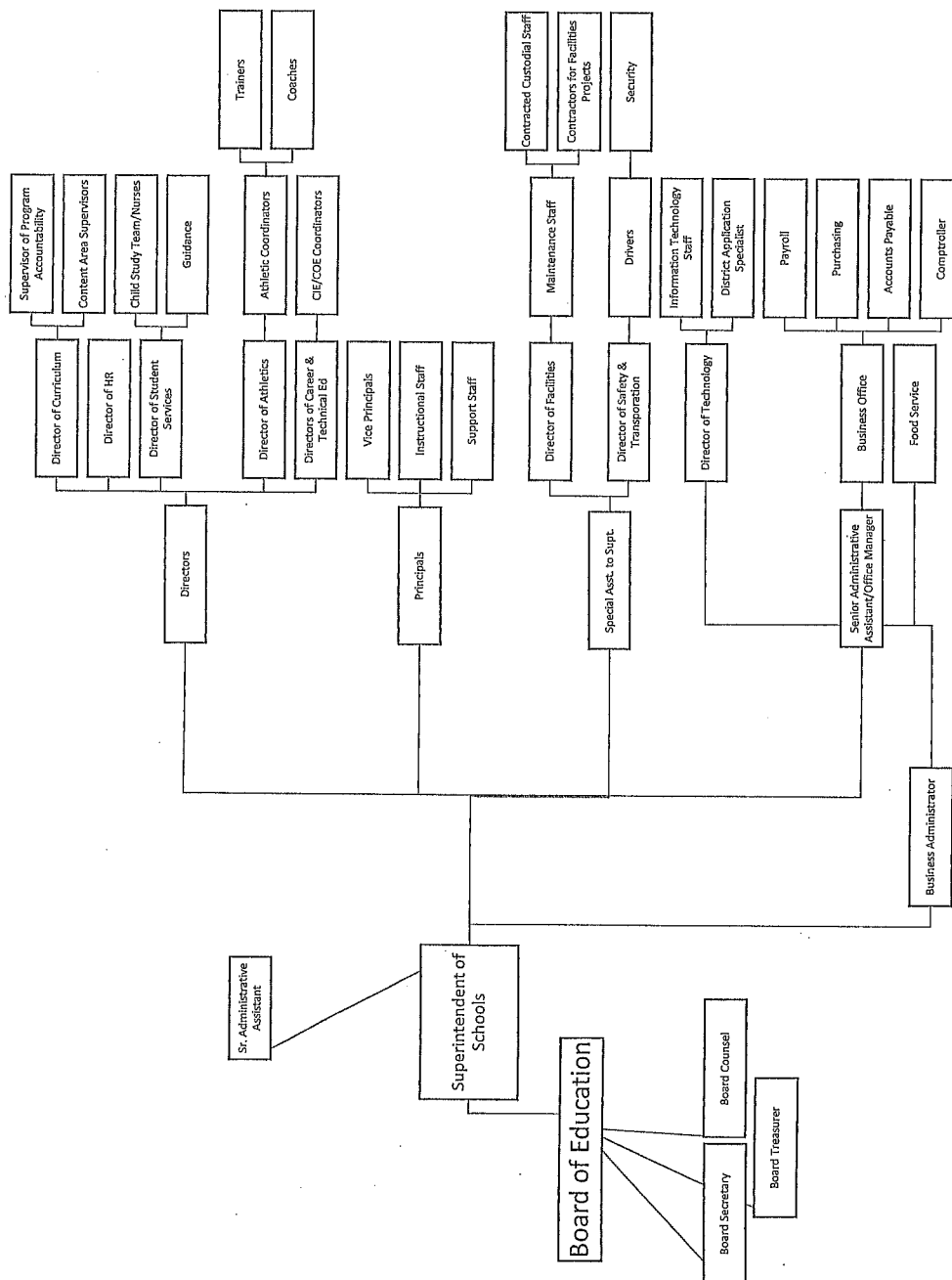
Bernetta Davis  
Business Administrator

*Lori Tanner*

Lori Tanner  
Board Secretary

# ESSEX COUNTY SCHOOLS OF TECHNOLOGY

## 2022-2023 ORGANIZATIONAL CHART



**ESSEX COUNTY VOCATIONAL SCHOOLS  
NEWARK, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2023**

	<b><u>Term Expires</u></b>
Reverend Edwin D. Leahy, President	10/31/26
Adrienne Davis, Vice President	10/31/23
<b><u>Board Members</u></b>	
Reginald Bledsoe	4/17/26
Adrienne Davis	10/31/24*
Salvatore Carnovale	10/31/24
Dr. Chris T. Pernell	10/31/25
Jennifer Carrillo Perez	11/01/25
<b><u>Other Officials</u></b>	
Dr. James M. Pedersen, Superintendent	
Bernetta Davis, Business Administrator	
Lori Tanner, Board Secretary	
M. Murphy Durkin, Esq., Board Attorney	

\*Carryovers

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**CONSULTANTS AND ADVISORS**

**Audit Firm**

Samuel Klein and Company, LLP  
Certified Public Accountants  
550 Broad Street, 11<sup>th</sup> Floor  
Newark, New Jersey 07102-4517

**Attorney**

Durkin & Durkin, LLP  
1120 Bloomfield Avenue  
P.O. Box 1289  
West Caldwell, New Jersey 07007-9452

**Official Depository**

New Jersey Cash Management Fund (NJCMF)

Citizens  
101 JFK Parkway  
Short Hills, New Jersey 07078

MBIA Asset Management  
113 King Street  
Armonk, New York 10504

## **FINANCIAL SECTION**

# SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members  
of the Board of Education  
Essex County Vocational Schools District  
County of Essex  
Newark, New Jersey 07102

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Essex County Vocational Schools District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Essex County Vocational Schools 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 Essex County Vocational Schools District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit 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*), and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Essex County Vocational Schools 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.

#### 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 Essex County Vocational Schools 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.



## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 Essex County Vocational Schools District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Essex County Vocational Schools District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Essex County Vocational Schools District's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information

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

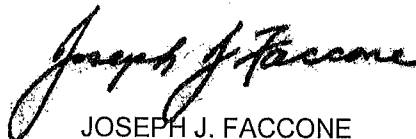
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 February 2, 2024, on our consideration of the Essex County Vocational Schools 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 Essex County Vocational Schools 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 Essex County Vocational Schools District's internal control over financial reporting and compliance.



SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI  
Licensed Public School Accountant #194

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Honorable President and Members  
of the Board of Education  
Essex County Vocational Schools  
Leroy F. Smith Jr. Public Safety Building  
60 Nelson Place - 1 North  
Newark, New Jersey 07102

Dear Board Members:

**Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2023 (Unaudited)**

The discussion and analysis of the Essex County Vocational Schools District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Using this Generally Accepted Accounting Principles Report (GAAP)**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements also look at the School District's most significant funds. In the case of the Essex County Vocational Schools, the General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the actual basis of accounting similar to the accounting used by most private-sector companies. These bases of accounting, takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the county's property tax base, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District maintains one business-like activity, the Food Service Program.

### **Reporting the School District's Most Significant Funds**

#### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Special Revenue Fund, and the Capital Projects Fund.

#### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

#### **The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2023 and 2022.

Table 1

## Net Position

	June 30, 2023		June 30, 2022	
	Governmental Activities	Business- Type Activities	Governmental Activities	Business- Type Activities
<b><u>ASSETS</u></b>				
Current and Other Assets	\$ 30,177,248	\$ 1,087,299	\$ 69,961,068	\$ 992,704
Noncurrent Assets, Net	274,063,885	588,094	251,700,635	664,109
Total Assets	<u>\$ 304,241,132</u>	<u>\$ 1,675,393</u>	<u>\$ 321,661,703</u>	<u>\$ 1,656,813</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Amount Related to Pension	<u>\$ 1,457,539</u>		<u>\$ 830,748</u>	
<b><u>LIABILITIES</u></b>				
Current Liabilities	\$ 1,850,853	\$ 863,032	\$ 2,110,108	\$ 863,032
Noncurrent Liabilities	9,735,207		7,967,126	
Total Liabilities	<u>11,586,059</u>	<u>863,032</u>	<u>10,077,234</u>	<u>863,032</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Amount Related to Pension	<u>1,649,707</u>		<u>4,506,337</u>	
<b><u>NET POSITION</u></b>				
Investment in Capital Assets	273,996,003	588,094	251,700,635	658,475
Restricted for:				
Capital Projects	6,240,919		31,964,869	
Unemployment Compensation	29,713		29,713	
Other Purposes	21,556,786		35,841,326	
Unrestricted	<u>(9,360,515)</u>	<u>224,267</u>	<u>(11,627,664)</u>	<u>135,306</u>
Total Net Position	<u>292,462,905</u>	<u>812,361</u>	<u>307,908,879</u>	<u>793,781</u>
Total Liabilities and Net Position	<u>\$ 305,698,671</u>	<u>\$ 1,675,393</u>	<u>\$ 322,492,450</u>	<u>\$ 1,656,813</u>

Due to the requirement that the Essex County Vocational Schools prepares its financial statements following GASB Statement 34, compensated absences, along with capital assets (net of accumulated depreciation) are now shown on the Statement of Net Position. The amount recorded under noncurrent liabilities is detailed below:

Compensated Absences	<u>\$1,380,514.40</u>
----------------------	-----------------------

It must be noted that compensated absences due to retirements or other circumstances have always been paid through current budget appropriations and will continue to be paid. The School District has never failed to meet its contractual obligations.

**Table 2**  
**Change in Net Position**

Table 2 shows the Changes in Net Position for fiscal year 2023 and fiscal year 2022.

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
<b><u>Revenues</u></b>				
Program Revenues:				
Charges for Services		\$ 167,078	\$ 379,509	\$ 420,267
Operating Grants and Contributions	17,927,330	20,078,438	1,440,236	1,440,744
General Revenues:				
County Appropriation	5,450,000	5,450,000		
Grants and Entitlements	29,469,085	27,143,640		
Tuition	12,689,664	13,398,796		
Other	1,548,653	397,565		3,262
Transfer/Cancellations	(15,000,000)	(250,660)		
Total Revenues	<u>52,084,733</u>	<u>66,384,858</u>	<u>1,819,744</u>	<u>1,864,273</u>
<b><u>Expenditures</u></b>				
Program Expenses:				
Instruction	34,744,392	35,426,059		
Support Services:				
Student and Instruction Related	7,721,757	8,321,284		
Administration	11,904,221	10,161,190		
Operation and Plant Maintenance	6,783,213	6,321,163		
Pupil Transportation	1,084,880	559,401		
Special Schools	256,522	141,989		
Interest on Leases		9,180		
Unallocated Depreciation	5,035,723	5,040,221		
Other			1,801,165	1,533,493
Total Expenses	<u>67,530,708</u>	<u>65,980,487</u>	<u>1,801,165</u>	<u>1,533,493</u>
Increase in Net Position	<u>\$ (15,445,975)</u>	<u>\$ 404,371</u>	<u>\$ 18,580</u>	<u>\$ 330,780</u>

### Governmental Activities

A portion of the revenue for the Essex County Vocational Schools is provided by Essex County. Each year the Vocational School's Board of Education prepares and delivers to the Essex County Board of School Estimate an itemized statement of the amount of money necessary for the general fund expenses. The Board of School Estimate determines and certifies by action taken at a public meeting an amount of money to be appropriated for the use by the County Vocational Schools. The Essex County Board of Chosen Freeholders appropriates the amount so certified, which is assessed, levied and collected in the same manner as moneys appropriated for other purposes in Essex County. Moneys from the County Tax Levy made up 8.12% of revenues for the general fund for the fiscal year ended June 30, 2023.

Instruction comprises 51.22% of district expense and support services of 48.78%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Net Cost of Service**

	<u>2023</u>
Governmental Activities:	
Instruction:	
Regular	\$ 10,741,161
Other Special Instruction	2,016,266
Vocational	6,750,019
School Sponsored Activities	1,748,977
Other Instruction	944,178
Support Services:	
Student and Instruction Related Services	4,196,351
General and Business Administrative Services	2,682,616
School Administration Services	2,583,189
Central Services	1,371,409
Administration of Information Technology	1,542,835
Plant Operations and Maintenance	6,686,616
Security	2,158,288
Pupil Transportation	948,795
Special Schools	196,955
Unallocated Depreciation	4,971,005
Unallocated Amortization	<u>64,718</u>
	<u><u>\$ 49,603,378</u></u>



A description of each service provided by the School District is detailed as follows:

Instruction expenditures include activities directly dealing with the teaching of pupils and the interaction between teacher and pupils.

Student and Instructional Related Services expenditures include the activities involved with assisting staff with the content and process of teaching to pupils.

Also included are Attendance and Social Work Services, Health Services and Guidance, Child Study and Educational Media Services.

Board of Education, Administration, Fiscal and Business expenditures are associated with administration and financial supervision of the District.

Operation and Maintenance of Plant expenditures involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil Transportation expenditures include activities involved in the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Employee Benefits expenditures include health insurance benefits, social security contributions, unemployment and workers compensations and tuition reimbursement.

Special Schools' expenditures include the post-secondary program, summer school and adult education.

### **Business-Type Activities**

The School District operates business-type activities for the Food Service Program. The Food Service operations are managed by Maschio's Food Services, Inc. The management company receives a fee for each meal served. For fiscal year 2023, a total of 250,891 meals were served to students.

For the current school year, after adjustment of fixed asset valuation, the food service had an increase in net position of \$18,579.95. Ending net position for the food service shows an excess of \$812,360.98.

### **General Fund Budgetary Highlights**

The School District budget is prepared according to New Jersey Law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

### **General Fund Budgetary Highlights**

Exhibit C-1 details variations between the final budget amounts and actual results for the General Fund.

### **Capital Assets**

At the end of fiscal year 2023, the School District had \$273,996,002.78 invested in land, buildings and equipment, net of accumulated depreciation.

### **For the Future**

The Essex County Vocational and Technical School District, through the efforts of our teachers, administrators and support staff, will continue to provide the highest quality of education to all students attending our schools.

## **BASIC FINANCIAL STATEMENTS**

**A. DISTRICT-WIDE FINANCIAL STATEMENTS**

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

A1

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 21,213,432.20	\$ 777,089.43	\$ 21,990,521.63
Receivables, Net	6,586,236.32	257,730.37	6,843,966.69
Inventories		52,479.35	52,479.35
Interfunds Receivable	863,032.29		863,032.29
Restricted Assets:			
Capital Reserve Account - Cash	1,514,546.93		1,514,546.93
Total Current Assets	<u>30,177,247.74</u>	<u>1,087,299.15</u>	<u>31,264,546.89</u>
Noncurrent Assets:			
Capital Assets, Net	273,996,002.78	588,094.12	274,584,096.90
Right-of-Use Asset, Net - Financing Lease	67,881.72		67,881.72
Total Assets	<u>304,241,132.24</u>	<u>1,675,393.27</u>	<u>305,916,525.51</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount Related to Pension	<u>1,457,539.00</u>		<u>1,457,539.00</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	845,000.29		845,000.29
Payable to Other Governments	3,317.54		3,317.54
Commitments and Contingencies	844,565.50		844,565.50
Interfunds Payable		863,032.29	863,032.29
Unearned Revenue	157,969.19		157,969.19
Total Current Liabilities	<u>1,850,852.52</u>	<u>863,032.29</u>	<u>2,713,884.81</u>
Long-Term Liabilities:			
Lease Liability - Financing Lease	71,649.53		71,649.53
Due Beyond One Year (Note 7)	1,380,514.40		1,380,514.40
Net Pension Liability (Note 9)	8,283,043.00		8,283,043.00
Total Long-Term Liabilities	<u>9,735,206.93</u>		<u>9,735,206.93</u>
Total Liabilities	<u>11,586,059.45</u>	<u>863,032.29</u>	<u>12,449,091.74</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount Related to Pension	<u>1,649,707.00</u>		<u>1,649,707.00</u>
<b>NET POSITION</b>			
Investment in Capital Assets,			
Net of Related Debt	273,996,002.78	588,094.12	274,584,096.90
Restricted for:			
Capital Projects	6,240,918.57		6,240,918.57
Unemployment Compensation	29,713.00		29,713.00
Student Activities	157,530.71		157,530.71
Other Purposes	21,399,255.08		21,399,255.08
Unrestricted	<u>(9,360,515.35)</u>	<u>224,266.86</u>	<u>(9,136,248.49)</u>
Total Net Position	<u>\$ 292,462,904.79</u>	<u>\$ 812,360.98</u>	<u>\$ 293,275,265.77</u>

See accompanying notes to financial statements.

## A2

2 See accompanying notes to financial statements.

## **B. FUND FINANCIAL STATEMENTS**

## **GOVERNMENTAL FUNDS**

**ESSEX COUNTY VOCATIONAL SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

**B-1  
Sheet 1**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 16,402,879.54	\$	\$ 5,256,909.85	\$ 21,659,789.39
Accounts Receivable:				
Federal	1,820.80	843,269.02		845,089.82
State	68,521.58	28,215.00		96,736.58
Tuition	3,645,734.92			3,645,734.92
Other			1,998,675.00	1,998,675.00
Interfunds		314,235.26	863,032.29	1,177,267.55
Restricted Cash and Cash Equivalents	<u>1,357,016.22</u>	<u>157,530.71</u>		<u>1,514,546.93</u>
Total Assets	<u>\$ 21,475,973.06</u>	<u>\$ 1,343,249.99</u>	<u>\$ 8,118,617.14</u>	<u>\$ 30,937,840.19</u>

<b><u>LIABILITIES</u></b>				
Cash Overdraft	\$	\$ 446,357.19	\$	\$ 446,357.19
Accounts Payable:				
Payroll Deductions and Withholdings Payable	163.80			163.80
Unemployment Compensation Claims Payable	194,711.96			194,711.96
Other	69,781.63	580,342.90		650,124.53
Intergovernmental Accounts Payable - State	2,267.54	1,050.00		3,317.54
Commitments and Contingencies	844,565.50			844,565.50
Interfunds			314,235.26	314,235.26
Unearned Revenue		<u>157,969.19</u>		<u>157,969.19</u>
Total Liabilities	<u>1,111,490.43</u>	<u>1,185,719.28</u>	<u>314,235.26</u>	<u>2,611,444.97</u>

<b><u>FUND BALANCES</u></b>				
Restricted Fund Balance:				
Excess Surplus Designated for Subsequent Years				
Expenditures	10,770,198.78			10,770,198.78
Excess Surplus	8,767,566.66			8,767,566.66
Student Activities		157,530.71		157,530.71
Unemployment Compensation	29,713.00			29,713.00
Committed Fund Balance:				
Year End Encumbrances	298,026.33		1,563,463.31	1,861,489.64
Assigned to:				
Capital Projects			6,240,918.57	6,240,918.57
Unassigned Fund Balance	<u>498,977.86</u>			<u>498,977.86</u>
Total Fund Balances	<u>20,364,482.63</u>	<u>157,530.71</u>	<u>7,804,381.88</u>	<u>28,326,395.22</u>
Total Liabilities and Fund Balances	<u>\$ 21,475,973.06</u>	<u>\$ 1,343,249.99</u>	<u>\$ 8,118,617.14</u>	<u>\$ 30,937,840.19</u>

Total Fund Balance above: \$ 28,326,395.22

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 capital assets is \$318,657,073.64 and the accumulated depreciation is \$44,975,306.12 (See Note 4).

273,996,002.78

Lease assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$1,709,270.16 and the accumulated amortization is \$466,164.59.

67,881.72

Deferred outflows related to pension contributions subsequent to the net position liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements.

1,457,539.00

Deferred inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements.

(1,649,707.00)



ESSEX COUNTY VOCATIONAL SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

B-1  
Sheet 2

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Long-term liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (See Note 6).			
		\$ (71,649.53)	
		(1,380,514.40)	
		(8,283,043.00)	
			<u>\$ (9,735,206.93)</u>
Net Position of Governmental Activities (A-1)			<u><u>\$ 292,462,904.79</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>REVENUES</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Local Sources:				
County Appropriation	\$ 5,450,000.00	\$	\$	\$ 5,450,000.00
Tuition from Other LEA's	12,689,664.45			12,689,664.45
Other Restricted Miscellaneous Revenue	745,319.39 *		51,694.44	797,013.83
Unrestricted Miscellaneous Revenue	555,732.84			555,732.84
Total Revenues - Local Sources	19,440,716.68		51,694.44	19,492,411.12
State Sources	39,081,501.32	195,906.00		39,277,407.32
Federal Sources	65,176.00	6,168,836.28		6,234,012.28
Private (Local) Sources		306,860.35 **		306,860.35
Total Revenues	58,587,394.00	6,671,602.63	51,694.44	65,310,691.07
<u>EXPENDITURES</u>				
Current:				
Regular Instruction	8,920,674.90	3,772,899.06		12,693,573.96
Other Special Instruction	1,656,169.27			1,656,169.27
Vocational Education	5,669,208.93			5,669,208.93
Other Instruction	775,266.12			775,266.12
School-Sponsored Activities	1,533,651.25			1,533,651.25
Support Services and Undistributed Costs:				
Student and Instruction Related	4,060,080.40	1,490,383.74 ***		5,550,464.14
General and Business Administrative	2,606,343.87			2,606,343.87
School Administration Services	2,350,861.09			2,350,861.09
Central Services	1,165,402.72			1,165,402.72
Administration of Information Technology	1,430,160.70			1,430,160.70
Plant Operations and Maintenance	6,263,712.88			6,263,712.88
Care and Upkeep of Grounds	374,781.75			374,781.75
Security	2,073,745.73			2,073,745.73
Pupil Transportation	881,002.42			881,002.42
Employee Benefits	16,513,936.00	730,722.64		17,244,658.64
Special Schools	167,279.88			167,279.88
Capital Outlay	10,887,428.75	627,820.57	15,751,123.12	27,266,372.44
Total Expenditures	67,329,706.66	6,621,826.01	15,751,123.12	89,702,655.79
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(8,742,312.66)	49,776.62	(15,699,428.68)	(24,391,964.72)
Other Financing Sources (Uses):				
Cancellation of Prior Year Accounts Receivable			(15,000,000.00)	(15,000,000.00)
			(15,000,000.00)	(15,000,000.00)
Net Change in Fund Balance	(8,742,312.66)	49,776.62	(30,699,428.68)	(39,391,964.72)
Fund Balances, July 1,	29,106,795.29	107,754.09	38,503,810.56	67,718,359.94
Fund Balances, June 30	\$ 20,364,482.63	\$ 157,530.71	\$ 7,804,381.88	\$ 28,326,395.22

The accompanying notes to the financial statements are an integral part of this statement.

\* Includes interest earnings on unemployment compensation bank account.

\*\* Special Revenue Fund now includes revenues from student activities.

\*\*\* Special Revenue Fund now includes expenditures from student activities.

**ESSEX COUNTY VOCATIONAL SCHOOLS  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Ref.</u>	
Total Net Change in Balances - Governmental Funds	B-2	\$ (39,391,964.72)
Amount Reported for Governmental Activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	\$ (4,971,004.81)	
Capital Outlays	<u>27,266,372.44</u>	
		22,295,367.63
Governmental funds report lease principal payments as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which amortization expense exceeded lease principal payments in the period.		
Amortization Expense	(64,717.87)	
Lease Principal Payment	<u>68,246.19</u>	
		3,528.32
Pension contributions are reported in governmental funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest cost, administrative costs, investment returns and experience/assumptions. This is the amount by which net position liability and deferred inflows/outflows relate to pension changes during the period.		
		1,481,920.00
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>165,173.36</u>
Change in Net Position of Governmental Activities	A-2	<u>\$ (15,445,975.41)</u>

The accompanying notes to the financial statements are an integral part of this statement.

## **PROPRIETARY FUNDS**

ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

Business-Type  
Activities  
Enterprise Fund  
Food  
Service

ASSETS

## Current Assets:

Cash and Cash Equivalents	\$ 777,089.43
Accounts Receivable:	
State Sources	9,081.78
Federal Sources	248,648.59
Inventories:	
Food	36,877.25
USDA Commodity	15,602.10
Total Current Assets	<u>1,087,299.15</u>

## Noncurrent Assets:

Furniture, Machinery and Equipment	1,374,886.62
Less Accumulated Depreciation	(786,792.50)
Total Noncurrent Assets	<u>588,094.12</u>

## Total Assets

\$1,675,393.27

LIABILITIES

Interfunds Payable	\$ 863,032.29
Total Liabilities	<u>\$ 863,032.29</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	\$ 588,094.12
Unrestricted	224,266.86
Total Net Position	<u>\$ 812,360.98</u>

---

The accompanying notes to the financial statements are an integral part of this statement.

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	Business-Type Activities <u>Enterprise Fund</u> Food <u>Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 97,417.00
Daily Sales - Nonreimbursable Programs	282,091.92
Total Operating Revenues	<u>379,508.92</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	658,308.27
Personnel Costs	786,339.83
Other Purchased Professional Services	12,423.75
Management Fee	86,300.00
Other Expense	181,777.78
Depreciation	76,014.87
Total Operating Expenses	<u>1,801,164.50</u>
Operating Loss	<u>(1,421,655.58)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
School Lunch Program	46,681.27
Supply Chain Assistance	109,846.34
Federal Sources:	
School Breakfast Program	298,110.39
School Lunch Program	985,597.53
Food Distribution Program	151,358.63
Food Distribution Program	<u>(151,358.63)</u>
Total Nonoperating Revenues (Expenses)	<u>1,440,235.53</u>
Gain before Contributions and Adjustments	<u>18,579.95</u>
Change in Net Position	18,579.95
Total Net Position - Beginning	<u>793,781.03</u>
Total Net Position - Ending	<u><u>\$ 812,360.98</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF CASH FLOWS  
PROPRIETARY FUNDS  
JUNE 30, 2023

Business-Type  
Activities  
Enterprise Fund  
Food  
Service

<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 379,508.92
Payments for Employee Benefits	(786,339.83)
Payments to Suppliers	(942,296.46)
Net Cash Provided by (Used for) Operating Activities	<u>(1,349,127.37)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	143,496.20
Federal Sources	1,140,518.64
Net Cash Provided by Noncapital Financing Activities	<u>1,284,014.84</u>
Net Decrease in Cash	(65,112.53)
Balance - Beginning of Year	<u>842,201.96</u>
Balance - End of Year	<u><u>\$ 777,089.43</u></u>
Reconciliation of Operating Income (Loss) to Net <u>Cash Provided by (Used for) Operating Activities</u>	
Operating Loss	<u>\$ (1,421,655.58)</u>
Adjustments to Reconcile Operating Loss to Cash Provided by (Used for) Operating Activities:	
Depreciation	76,014.87
Change in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(3,486.66)
Total Adjustments	<u>72,528.21</u>
Net Cash Used for Operating Activities	<u><u>\$ (1,349,127.37)</u></u>

---

The accompanying notes to the financial statements are an integral part of this statement.

**FIDUCIARY FUNDS (IF APPLICABLE)**



## **NOTES TO THE FINANCIAL STATEMENTS**

## ESSEX COUNTY VOCATIONAL SCHOOLS

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

#### 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Essex County Vocational Schools is a county regional vocational school system. The District provides a full range of vocational and technical training to adult and high school students residing in Essex County. A full range of educational services, academic programs, and vocational-technical training in grades 9 to 12 are provided. The District functions independently of the Board of County Commissioners through an appointed board of seven members. The District had an approximate enrollment at June 30, 2023 of 2,046 students.

As a reporting entity, the school system is considered a component unit of the primary government County of Essex, State of New Jersey. As a component unit, the Essex County Vocational Schools is responsible for general operations, food service, and student related activities of the School District.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Essex County Vocational Schools District have been prepared in conformity with generally accepted accounting principles (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 most significant of the School District's accounting policies are described below.

##### A. Basis of Presentation

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

##### 1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program of function of the School District's governmental activities.

Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### A. Basis of Presentation (Continued)

#### 2. Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

### B. Fund Accounting

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

#### 1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

**General Fund** - The General Fund is the general operating fund of the District. It 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. This fund also includes payroll agency, payroll net and unemployment reserve accounts.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes. This fund also includes scholarship account and student activities accounts.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Fund Accounting (Continued)

#### 1. Governmental Funds (Continued)

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction, and improvement programs.

**Permanent Fund** - The Permanent Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. Resources are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting entity's programs - that is for the benefit of the school district. The District presently has no resources that are considered Permanent Funds.

#### 2. Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the District:

**Enterprise Fund** - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

**Internal Service Funds** - These funds may be used to report any activity that provides goods or services to other funds, departments or agencies of the primary entity and its component units, or to other governments, on a cost-reimbursement basis. In addition, internal service funds are used only if the reporting school district is the predominant participant in the activity. The School does not currently utilize any internal service funds.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **B. Fund Accounting (Continued)**

#### **3. Long-Term Debt**

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt, not in the governmental funds. This includes the outstanding principal balance on capital leases, lease-purchase agreements, compensated absences, claims and judgments and early retirement incentive programs

### **C. Measurement Focus**

#### **1. Government-Wide Financial Statements**

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

#### **2. Fund Financial Statements**

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

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

Fiduciary funds are reported using the economic resources measurement focus.

### **D. Basis of Accounting**

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

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **D. Basis of Accounting (Continued)**

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

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

### **E. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The overexpenditures related to on-behalf payments in the general fund are due to the inclusion of the nonbudgeted 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 overexpenditures.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Budgets/Budgetary Control (Continued)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 58,802,546.00	\$ 7,055,675.39
Difference - Budget-to-GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(384,072.76)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	2,744,997.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(2,960,149.00)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 58,587,394.00</u>	<u>\$ 6,671,602.63</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 67,329,706.66	\$ 7,005,898.77
Differences - Budget-to-GAAP:		
The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis. <i>[Not applicable in this example]</i>		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary purposes</i> , but in the year the supplies are received for <i>financial reporting</i> purposes.		(384,072.76)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 67,329,706.66</u>	<u>\$ 6,621,826.01</u>

The general fund budget basis is GAAP, therefore no reconciliation is required.

### F. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **F. Encumbrances (Continued)**

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred inflows at fiscal year end.

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

### **G. Assets, Liabilities and Equity**

#### **1. Cash, Cash Equivalents and Investments**

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

New Jersey school districts are limited 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 provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks, (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

#### **2. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Deferred Outflows in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

#### **3. Allowance for Uncollectible Accounts**

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

#### **4. Tuition Receivable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### G. Assets, Liabilities and Equity (Continued)

#### 5. Tuition Payable

Tuition charges for the fiscal years 2021-22 and 2022-23 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

#### 6. Short-Term Interfund Receivables/Payables

Short-term 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.

#### 7. Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	50 - 100 Years
Furniture and Equipment	5 - 20 Years
Vehicles	18 Years

#### 8. Compensated Absences

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

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

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

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **G. Assets, Liabilities and Equity (Continued)**

#### **9. Accrued Liabilities and Long-Term Obligations**

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

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

#### **10. Net Position**

The District has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

The District has implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

#### **11. Deferred Inflows**

Deferred inflows in the special revenue fund represents cash that has been received but not yet earned. Deferred inflows in the General Fund represents prepaid fees collected for future programs.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **G. Assets, Liabilities and Equity (Continued)**

#### **12. Fund Equity**

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

#### **13. Fund Balance Reserves**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

#### **14. Proprietary Funds Revenues and Expenses**

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

#### **15. Rebatable Arbitrage**

Rebatable arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB 34, rebatable arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the Capital Projects Fund. The liability, if any, is recorded in the "Statement of Net Position".

#### **16. Non-Monetary Transactions**

Commodities received under the Federal Food Distribution Program are received by the District and are recorded as nonoperating revenue when received in the Food Service Enterprise Fund at market value. The use of the commodities is included in cost of sales.

#### **17. Allocation of Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers' compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

#### **18. On-Behalf Payments**

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### G. Assets, Liabilities and Equity (Continued)

#### 19. Extraordinary and Special Items

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

#### 20. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **G. Assets, Liabilities and Equity (Continued)**

#### **20. Accounting and Financial Reporting for Pensions**

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

#### **21. Accounting and Financial Reporting for Other Post-Retirement Benefits ("OPEB")**

In 2018 the District implemented GASB #75 which addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, revenues and expense/expenditures. This Statement GASB #45 supersedes Accounting and Financial Reporting for Post-Employment Benefits with other than Pension.

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

#### **22. GASB Statement No. 84 Fiduciary Activities**

The District implemented GASB Statement No. 84 Fiduciary Activities on July 1, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District reclassified the payroll agency, payroll net and unemployment reserve accounts to the General Fund. The Special Revenue Fund was adjusted to include student activities and scholarship accounts. There was no adverse impact on the financial statements of the District.

#### **23. Other Accounting Standards**

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### G. Assets, Liabilities and Equity (Continued)

#### 23. Other Accounting Standards (Continued)

- *GASB Statement No. 99. Summaries/Status.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Effective Dates: The requirements of this Statement that are effective are as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging government assets, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 101. Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

## 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

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

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

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

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

### 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

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

Custodial Credit Risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Board will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Board does not have a policy for custodial credit risk. Federal depository insurance and New Jersey's Governmental Unit Deposit Protection Act mitigate this risk.

Interest Rate Risk - This is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. The Board's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2023, the Board's cash, cash equivalents and investments consisted of:

	<u>2023</u>
Cash and Cash Equivalents	<u>\$ 23,505,068.56</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2023 was \$31,332,337.54. Of the bank balance, \$1,649,212.36 was covered by the Federal Depository Insurance and \$29,683,125.18 was covered by the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental unit's deposits in excess of the Federal deposit maximums. These funds constitute "deposits with financial institutions" as defined by GASB No. 40.

There were no securities held by the District as of June 30, 2023 that could be categorized as an investment as defined by GASB No. 3 as amended by GASB No. 40.

New Jersey P.L. 2017, c. 310 permits the Board of Education to purchase various investments in accordance with the Board's Cash Management Plan.

#### 4. CAPITAL ASSETS

	Beginning Balance July 1, 2022	Additions	Construction Completed	Retirements	Ending Balance June 30, 2023
<b><u>Governmental Activities</u></b>					
<b>Nondepreciable:</b>					
Land	\$ 36,983,452.40	\$	\$	\$	\$ 36,983,452.40
Construction-in-Progress	2,323,890.32	26,324,316.61			28,648,206.93
	<u>39,307,342.72</u>	<u>26,324,316.61</u>	<u>-</u>	<u>-</u>	<u>65,631,659.33</u>
<b>Depreciable:</b>					
Buildings and Improvements	239,852,684.92	314,235.26			240,166,920.18
Machinery and Equipment	12,544,908.82	627,820.57			13,172,729.39
	<u>252,397,593.74</u>	<u>942,055.83</u>	<u>-</u>	<u>-</u>	<u>253,339,649.57</u>
<b>Total Assets</b>	<u>291,704,936.46</u>	<u>27,266,372.44</u>			<u>318,971,308.90</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and Improvements	(31,525,452.00)	(4,085,184.52)			(35,610,636.52)
Machinery and Equipment	(8,478,849.31)	(885,820.29)			(9,364,669.60)
<b>Total Accumulated Depreciation</b>	<u>(40,004,301.31)</u>	<u>(4,971,004.81)</u>	<u>-</u>	<u>-</u>	<u>(44,975,306.12)</u>
<b>Governmental Activities Capital Assets - Net</b>	<u>\$ 251,700,635.15</u>	<u>\$ 22,295,367.63</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,996,002.78</u>
<b><u>Business-Type Activities</u></b>					
Machinery and Equipment	\$ 1,374,886.62			\$	\$ 1,374,886.62
Less Accumulated Depreciation:					
Machinery and Equipment	<u>(710,777.63)</u>	<u>(76,014.87)</u>			<u>(786,792.50)</u>
<b>Business-Type Activities Capital Assets - Net</b>	<u>\$ 664,108.99</u>	<u>\$ (76,014.87)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588,094.12</u>

#### 5. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year	Long-Term Portion
Net Pension Liability	\$ 6,281,542.00	\$ 2,001,501.00	\$	\$ 8,283,043.00	\$	\$ 8,283,043.00
Compensated Absences	1,545,687.76		165,173.36	1,380,514.40		1,380,514.40
	<u>\$ 7,827,229.76</u>	<u>\$ 2,001,501.00</u>	<u>\$ 165,173.36</u>	<u>\$ 9,663,557.40</u>	<u>\$ -</u>	<u>\$ 9,663,557.40</u>

#### 6. PENSION PLANS

##### **Description of Plans**

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P. O. Box 295, Trenton, New Jersey 08625.



## 6. PENSION PLANS (Continued)

### **Teachers' Pension and Annuity Fund (TPAF)**

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

### **Public Employees' Retirement System (PERS)**

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

### **Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Pension benefits for members enrolled in PERS after May 21, 2010 would be based on 1/60<sup>th</sup> of the average annual compensation for the last five years of service or any five fiscal years of membership that provide the largest benefit to the member or the member's beneficiary. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

### **Significant Legislation**

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operates and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- . New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.
- . The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- . Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.

## 6. PENSION PLANS (Continued)

### Significant Legislation (Continued)

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

### Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

In accordance with the provisions of Chapter 78, P.L. 2011, employee pension contribution rates for TPAF and PERS is currently 7.50% of employees' annual compensation, as defined.

Employers are required to contribute at an actuarially determined rate in both PERS and TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premium. Under current statute, the school is a noncontributing employer of the TPAF.

### Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Net Cost to District</u>	<u>Percentage of APC Contributed</u>
June 30, 2023	\$692,138.00	\$692,138.00	100%
June 30, 2022	620,978.00	620,978.00	100%
June 30, 2021	595,499.00	595,499.00	100%

### Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Retirement Medical Benefits</u>	<u>Long-Term Disability Insurance</u>
June 30, 2023	\$6,549,721.00	100%	\$1,720,596.00	\$ 2,544.00
June 30, 2022	6,511,992.00	100%	1,521,465.00	2,417.00
June 30, 2021	4,763,179.00	100%	1,492,706.00	2,772.00

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$6,549,721.00 to the TPAF for normal pension, \$1,720,596.00 for post-retirement medical benefits and \$2,544.00 for long-term disability insurance On-Behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,404,731.32 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

## 6. PENSION PLANS (Continued)

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

#### Summary of Significant Accounting Policies

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 the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the district (employer) is 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 district (employer) does 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 district. However, the State's portion of the net pension liability that was associated with the district was \$69,478,942, as measured on June 30, 2022 and \$82,369,569 as measured on June 30, 2021.

For the year ended June 30, 2023, the district recognized pension expense of \$2,205,956 and revenue of \$2,205,956 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2021 and June 30, 2022.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective Deferred Outflows of Resources	\$ 4,885,289,911	\$ 6,230,825,389
Collective Deferred Inflows of Resources	19,563,805,393	27,221,092,460
Collective Net Pension Liability (Nonemployer - State of New Jersey)	51,594,415,806	48,075,188,642
State's Portion of the Net Pension Liability that was Associated with the District	69,478,942	82,369,569
State's Portion of the Net Pension Liability that was Associated with the District as a Percentage of the Collective Net Pension Liability	.13718%	.13727%

#### Actuarial Assumptions

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

## 6. PENSION PLANS (Continued)

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

#### Actuarial Assumptions (Continued)

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% - 5.65%
	Based on Years of Service
Investment Rate of Return:	7.00%

Preretirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

#### Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

## 6. PENSION PLANS (Continued)

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

#### **Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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**

Since the District has no proportionate share of the net pension liability because of the special funding situation, the District would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-tpaf23.pdf>.

#### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

### **Public Employees' Retirement System (PERS)**

#### **Summary of Significant Accounting Policies**

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 the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2023, the District reported a liability of \$8,283,043 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2021. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer total contributions to the PERS during the years ended June 30, 2022 and 2021. At June 30, 2022, the District proportion was .0548859352%, which was a decrease of .0018614798% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$(718,621). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

## 6. PENSION PLANS (Continued)

### Public Employees' Retirement System (PERS) (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 59,783	\$ 52,720
Changes of Assumptions	25,663	1,240,299
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	342,828	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	337,127	356,688
District Contributions Subsequent to the Measurement Date	692,138	
Total	<u>\$1,457,539</u>	<u>\$1,649,707</u>

The \$692,138 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023 the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended 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:

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ (710,511)
2024	(360,335)
2025	(176,531)
2026	385,125
2027	(846)
	<u>\$ (863,098)</u>

#### *Additional Information:*

Collective balances at June 30, 2021 and 2022 are as follows:

## 6. PENSION PLANS (Continued)

### Public Employees' Retirement System (PERS) (Continued)

#### *Additional Information: (Continued)*

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective Deferred Outflows of Resources	\$ 1,715,543,211	\$ 1,164,738,169
Collective Deferred Inflows of Resources	4,112,583,758	8,339,123,762
Collective Net Pension Liability (Nonstate - Local Group)	15,219,184,920	11,972,782,878
District's Portion of Net Pension Liability	8,283,043	6,281,542
District's Proportion	.0548859352%	0.0524651793%

#### Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75% - 6.55%
	Based on Years of Service
Investment Rate of Return:	7.00%

Preretirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2020 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

#### 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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries.

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

## 6. PENSION PLANS (Continued)

### Public Employees' Retirement System (PERS) (Continued)

#### Long-Term Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

#### Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

#### Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate of 7.00% as well as what the District's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's Proportionate Share of the Collective Net Pension Liability	\$ 10,731,405	\$ 8,283,043	\$ 6,329,237

#### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.



## **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 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.

### ***General Information about the OPEB Plan (Continued)***

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 2023 total OPEB liability of \$50,646,462,966 for this special funding situation

Additional information on Pensions and OPEB can be accessed at [state.nj.us/treasury/pensions/financial-reports.shtml](http://state.nj.us/treasury/pensions/financial-reports.shtml).

## 7. POST-RETIREMENT BENEFITS (Continued)

### *Total OPEB Liability*

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 LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB's No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State ACFR on the [Office of Management and Budget webpage: nj.gov/treasury/omb/fr.shtm](http://nj.gov/treasury/omb/fr.shtm).

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2022 actuarial valuation reported by the State in the State's most recently issued ACFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

### **Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Total Nonemployer OPEB Liability	\$50,646,462,966	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases	2.75% - 4.25%	2.75% - 6.55%
	Based on	Based on
	Service Years	Service Years

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021.

### **Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2023 are reflected. For PPO the trend is initially 1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50%. For HMO the trend is initially 3.54% in fiscal year 2023 increasing to 15.19% in fiscal year 2026 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

## 7. POST-RETIREMENT BENEFITS (Continued)

### Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

### Changes in the Total OPEB Liability Reported by the State of New Jersey

	<u>Increase/(Decrease)</u>
	<u>Total OPEB Liability</u>
Balance Recognized at June 30, 202 Measurement Date	<u>\$ 60,007,650,970</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments <sup>1</sup>	(1,329,476,059)
Contributions from the Employer <sup>1</sup>	N/A
Contributions from Members <sup>1</sup>	42,650,252
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	<u>(9,361,188,004)</u>
Balance Recognized at June 30, 2023 Measurement Date (Based on June 30, 2022 Measurement Date)	<u>\$ 50,646,462,966</u>

<sup>1</sup>Data for Measurement Periods Ending June 30, 2022 were provided by the State.

At June 30, 2022, the State's proportionate share of the OPEB liability attributable to the District is \$69,478,942. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 to the total OPEB liability of the State Health Benefit Program Fund - Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the State's share of the OPEB liability attributable to the District was .13718 percent, which was an increase of .00008 percent from its proportionate share measured as of June 30, 2021 of .13727 percent.

There were no changes of benefit terms.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022.

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

The following presents the total nonemployer OPEB liability as of June 30, 2022 and 2021, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

## 7. POST-RETIREMENT BENEFITS (Continued)

### Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Discount Rate (Continued)

June 30, 2022			
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability (School Retirees)	\$ 81,664,898	\$ 69,478,942	\$ 59,712,063
June 30, 2021			
	At 1% Decrease (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
Total OPEB Liability (School Retirees)	\$ 98,665,813	\$ 82,369,569	\$ 69,537,255

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

The following presents the total nonemployer OPEB liability as of June 30, 2022 and 2021, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

June 30, 2022			
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability (School Retirees)	\$57,428,388	\$69,478,695	\$ 85,307,505
June 30, 2021			
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability (School Retirees)	\$62,560,480	\$82,369,569	\$103,441,604

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

For the year ended June 30, 2023, the board of education recognized OPEB expense of \$2,205,956 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB's No. 75 and in which there is a special funding situation. This amount has been included in the District-Wide Statement of Activities (accrual basis) as a Revenue and Expense in accordance with GASB No. 85.

In accordance with GASB's No. 75, the Essex County Vocational School's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

## 7. POST-RETIREMENT BENEFITS (Continued)

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

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
(1) Difference Between Actual and Expected Experience	\$ 9,042,402,619	\$ 15,462,950,679
(2) Net Difference Between Expected and Actual Earnings on OPEB Plan Investments		
(3) Assumption Changes	<u>8,765,620,577</u>	<u>17,237,289,230</u>
(4) Sub-Total	17,808,023,196	32,700,239,909
(5) Contributions Made in Fiscal Year Ending 2022 After Date	<u>TBD</u>	<u>N/A</u>
(6) Total	<u>\$ TBD</u>	<u>\$ 32,700,239,909</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2023	\$ (2,517,151,602)
2024	(2,517,151,602)
2025	(2,517,151,602)
2026	(2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
	<u>\$(14,892,216,713)</u>

## 8. DEFINED CONTRIBUTION RETIREMENT PROGRAM

### Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

## **8. DEFERRED CONTRIBUTION RETIREMENT PROGRAM (Continued)**

### **Description of System (Continued)**

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

### **Contributions Required and Made**

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

## **9. COMPENSATED ABSENCES**

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

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

It is the policy of the Board to pay teachers, secretaries, and administrators for accumulated sick days upon retirement after at least 15 years of service. The employee shall receive terminal leave allowance of one day's salary for each four days of accumulated unused sick leave. The accrued leave is capped at \$15,000.00 for teachers, maintenance workers, security guards and drivers. The accrued leave is capped at \$12,000.00 for secretaries, paraprofessionals, systems network administration and parent coordinators. This became effective July 1, 1954. The liability of the board at June 30<sup>th</sup> for the three prior years is as follows:

<u>Year</u>	<u>Amount</u>
2023	\$1,380,514.40
2022	1,545,687.76
2021	1,536,981.33

These amounts were recorded in the General Long-Term Debt Account Group, since they do not require the use of available spendable resources.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. The current portion of the compensated absences balance of the governmental funds is reported separately on the Statement of Net Position.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, no liability existed for compensated absences in the Food Service Fund.

## 10. 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. The plan administrators are as follows:

Third Party Administrator:  
TSA Consulting Group, Inc.  
403B Plan Providers:  
Great American  
Prudential  
NEA - Travelers Companies  
VALIC  
Met Life Investors (Capital Equitable - EquiVest)  
Vanguard  
Fidelity Investments  
Equitable

## 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

## 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

	Interfunds <u>Receivable</u>	Interfunds <u>Payable</u>
Capital Projects Fund	\$863,032.29	\$
Proprietary Fund		863,032.29
Total	<u>\$863,032.29</u>	<u>\$863,032.29</u>

## 13. INVENTORY

Inventory in the Food Service Fund at June 30, 2023 consisted of the following:

USDA Commodities	\$15,602.10
Food and Supplies	36,877.25

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

#### 14. FUND BALANCE APPROPRIATED

**General Fund** - Of the \$20,364,482.63 General Fund fund balance reported in Statement "B-1" at June 30, 2023, \$10,770,198.78, Restricted for Excess Surplus Designated for Subsequent Years Expenditures, \$8,767,566.66 Restricted for Excess Surplus, \$298,026.33 Committed for Year End Encumbrances, \$29,713 is reserved for Unemployment Compensation and \$(498,977.86) is Unassigned.

**Special Revenue Fund** - Of the \$157,530.71 Special Revenue Fund fund balance at June 30, 2023, \$157,530.71 is restricted for student activities.

**Capital Projects Fund** - Of the \$7,804,381.88 Capital Projects Fund fund balance at June 30, 2023, \$6,240,918.57 is restricted for Capital Projects and \$1,563,463.31 is committed to year end encumbrances.

#### 15. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund 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 reserve balance of \$10,770,198.78 will be appropriated in the fiscal year 2023-2024 and \$8,767,566.66 will be appropriated in the fiscal year 2024-2025

#### 16. RECONCILIATION OF FUND BALANCE - GENERAL FUND

The Surpluses are Presented on a GAAP Basis and a Reconciliation from the Budget Basis to the GAAP Basis is as follows:	Unreserved and <u>Designated</u>
Balance on a Budget Basis on the General Fund Budgetary Basis Comparison	\$23,324,631.63
Less: Allocation of State Aid Payment of Not Recognized on a GAAP Basis	<u>2,960,149.00</u>
Balances on a GAAP Basis on the Governmental Fund Balance Sheet	<u><u>\$20,364,482.63</u></u>

#### 17. CONTINGENT LIABILITIES

##### A. Litigation

Essex County Vocational Technical Schools Board of Education advs. Richard Derkacs, Agency Docket No. 171-7/19: This matter involves an action filed by a tenured teacher. The ECVS filed a responsive pleading. Discovery is currently ongoing and a hearing date has not yet been scheduled.

In the event there is an unfavorable outcome against the ECVS, the estimated amount of damages would be approximately \$175,000.00.



## **17. CONTINGENT LIABILITIES (Continued)**

### **B. Federal and State Awards**

The School District participates in several federal and state grant and aid programs which are governed by various rules and regulations of the grantor agencies, therefore, to the extent that the School District has not complied with the rules and regulations governing the grants or aid, refunds of any money received may be required and the collectivity of any related receivable at June 30, 2023 may be impaired. In the opinion of the management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore no provisions have been recorded in the accompanying general-purpose financial statements for such contingencies.

### **C. Commitments and Contingencies**

In October 2006 the School District was approved for funding to have a vendor install network cable runs to the District's four schools. This was completed and in accordance with e-rate rules the District paid the vendor 10% or \$143,139.50 of the cost of the project. USAC paid the balance of \$1,288,255.50 directly to the vendor.

In June 2008 the Universal Service Administrative Company (USAC), the administrator of the Universal Services Schools and Library Programs (e-rate), initialed a Cost Effectiveness Review (CER) of the School District's funding request.

If the USAC rules against the District, the USAC will issue a Commitment Adjustment (COMAD) letter reducing the funding approval to \$ - 0 - and requesting the District pay \$844,565.50 within 30 days.

Management has indicated that given the unprecedented review of a funding request after payment has been made, and in consultation with their e-rate consultant who believes the District will not prevail, it is only prudent to establish this liability on the balance sheet under Commitments and Contingencies.

## **18. LEASES**

In June 2017, the GASB issued GASB No. 87, Leases. This GASB increases the transparency and comparability of organizations by requiring the capitalization of substantially all leases on the balance sheet and disclosures of key information about leasing arrangements. Under this new guidance, at the lease commencement date, a lessee recognizes a right-of-use asset and lease liability, which is initially measured at the present value of the future lease payments. For income statement purposes, a dual model was retained for lessees, requiring leases to be classified as either operating or finance leases. Under the operation lease model, lease expense is recognized on a straight-line basis over the lease term. Under the finance lease model, interest on the lease liability is recognized separately from amortization of the right-of-use assets.

The District adopted this new accounting standard on June 15, 2021 on a modified retrospective basis and applied the new standard to all leases through a cumulative-effect adjustment to beginning retained earnings. As a result, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods. The District elected a package of practical expedients permitted under the transition guidance, which among other things allows the carryforward of historical lease classification. The adoption of this new accounting standard is expected to result in recognition of lease liabilities of approximately \$132,599.60 and recognition of the right-of-use assets of approximately \$139,895.93 net of liabilities.

## 18. LEASES (Continued)

The District determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at the commencement date. Right-of-use assets represent the District's right to use an underlying asset for the lease term and lease liabilities represent the district's obligation to make lease payments arising from the lease during the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term. Lease commencement is the date the District has the right to control the property. The District utilizes its incremental borrowing rate to discount the lease payments. The incremental borrowing rate is based on the District's estimated rate of interest for a collateralized borrowing over a similar term as the lease term. The operating lease right-of-use assets also include lease payments made before commencement, lease incentives and are recorded net of impairment. Operating leases are expended on a straight-line basis over the lease term.

The District accounts for lease components and non-lease components as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage are not included in the right-of-use assets or lease liabilities. These are expensed as incurred.

Finance leases are recognized as a noncurrent asset and as a finance lease liability within accrued expenses and other liabilities and other noncurrent liabilities.

Supplemental balance sheet information related to leases were as follows:

Balance Sheet Supplemental Information:	<u>June 30, 2023</u>
Finance Leases:	
Right-of-Use Assets Included in:	
Property, Plant and Equipment, Net	<u>\$ 67,883</u>
Lease Obligations Included in:	
Other Noncurrent Liabilities	<u>\$ 71,650</u>
Total Finance Lease Obligations	<u>\$ 71,650</u>

Average Lease Term and Discount Rates as of June 30, 2022 were as follows:

Weighted Average Terms and Discount Rates:	<u>June 30, 2023</u>
Weighted Average Remaining Lease Terms in Years:	
Finance Leases	2.33
Weighted Average Discount Rate:	
Finance Leases	5.44%

## 18. LEASES (Continued)

The aggregate future lease payments for operating and finance leases as of June 30, 2023 were as follows:

	<u>Finance Lease</u>
Future Lease Payments (Fiscal Years):	
2024	\$ 30,300
2025	27,675
2026	<u>18,040</u>
Total Undiscounted Minimum Lease Payments	76,015
Less: Present Value Discount	<u>(4,365)</u>
Lease Liability	<u><u>\$ 71,650</u></u>

## 19. SUBSCRIPTION LEASES

In June 2022, GASB Statement No. 96, Subscription-Based Information Technology Arrangements was implemented providing School Districts guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. Under this new guidance, the District must disclose and report any SBITAs in excess of one year with the following information. A general description of its SBITAs, including the basis, terms, and conditions on which variable payments not included in the measurement of the subscription liability are determined; the total amount of subscription assets, and the related accumulated amortization, disclosed separately from other capital assets; the amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the subscription liability; the amount of outflows of resources recognized in the reporting period for other payments, such as termination penalties, not previously included in the measurement of the subscription liability, principal and interest requirements to maturity, presented separately, for the subscription liability for each of the five subsequent fiscal years and in five-year increments thereafter and commitments under SBITAs before the commencement of the subscription term; the components of any loss associated with an impairment. The Essex County Vocational Schools has reviewed all their SBITAs and determined that they are all considered short-term and require no disclosure under GASB Statement 96.

## 20. PRIOR PERIOD ADJUSTMENT - GASB NO. 87

The District implemented GASB No. 87 related to former operating and capital leases being reclassified into the Governmental Funds. The reclassification was reflected as a prior period adjustment to the Governmental Funds - Statement of Activities (A-2), effective July 1, 2021, and no retroactive restatement of financial statements was done since financial statements are not comparative. The reclassification involved assets, liabilities and net position with no material impact on the financial position of the District.

## 21. SUBSEQUENT EVENT

The Essex County Vocational School District has evaluated subsequent events that occurred after the balance sheet date, but before February 2, 2024. Based upon this evaluation, the District has determined that no subsequent events needed to be disclosed:

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

### **C. BUDGETARY COMPARISON SCHEDULES**

**ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES</b>					
Local Sources:					
County Tax Levy	\$ 5,450,000.00	\$	\$ 5,450,000.00	\$ 5,450,000.00	\$
Tuition from LEA's	13,368,123.90		13,368,123.90	12,689,664.45	(678,459.45)
Other Restricted Miscellaneous Revenue	262,128.00		262,128.00	745,319.39	483,191.39
Unrestricted Miscellaneous Revenues	158,052.00		158,052.00	555,732.84	397,680.84
Total - Local Sources	19,238,303.90	-	19,238,303.90	19,440,716.68	202,412.78
State Sources:					
Categorical Special Education Aid	1,659,351.00		1,659,351.00	1,659,351.00	
Equalization Aid	26,909,131.00		26,909,131.00	26,909,131.00	
Categorical Security Aid	1,032,999.00		1,032,999.00	1,032,999.00	
State Reimbursement for LEAD				17,580.00	17,580.00
On-Behalf TPAF Pension Contributions (Nonbudgeted)				6,549,721.00	6,549,721.00
On-Behalf TPAF OPEB (Post-Retirement Medical) Contribution (Nonbudgeted)				1,720,596.00	1,720,596.00
On-Behalf TPAF Long-Term Disability Contribution (Nonbudgeted)				2,544.00	2,544.00
TPAF Social Security (Reimbursed - Nonbudgeted)				1,404,731.32	1,404,731.32
Total State Sources	29,601,481.00	-	29,601,481.00	39,296,653.32	9,695,172.32
Federal Sources:					
Medicaid Reimbursement	51,007.00		51,007.00	65,176.00	14,169.00
Total - Federal Sources	51,007.00	-	51,007.00	65,176.00	14,169.00
<b>Total Revenues</b>	48,890,791.90		48,890,791.90	58,802,546.00	9,911,754.10
<b>EXPENDITURES</b>					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	7,697,787.00	838,528.16	8,536,315.16	8,427,794.83	108,520.33
Purchased Professional-Educational Services	518,960.00	(113,350.00)	405,610.00	114,579.29	291,030.71
Purchased Technical Services	384,800.00	(224,562.00)	160,238.00	117,668.94	42,569.06
Travel	8,320.00	(3,979.38)	4,340.62	312.31	4,028.31
General Supplies	248,560.00	(72,239.45)	176,320.55	106,525.61	69,794.94
Textbooks	315,120.00	(222,497.33)	92,622.67	72,601.89	20,020.78
Other Objects	110,084.00	(58,454.16)	51,629.84	23,098.84	28,531.00
Regular Programs - Home Instruction:					
Other Purchased Services (400-500 Series)	41,600.00	19,000.00	60,600.00	58,093.19	2,506.81
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	9,325,231.00	162,445.84	9,487,676.84	8,920,674.90	567,001.94
<b>SPECIAL EDUCATION - INSTRUCTION:</b>					
Resource Room/Resource Center:					
Salaries of Teachers	1,555,098.00	(10,000.00)	1,545,098.00	1,290,579.54	254,518.46
Other Salaries for Instruction	442,022.00		442,022.00	357,187.75	84,834.25
Unused Vacation Payments to Terminated/ Retired Staff - Normal Retirements	10,000.00	10,000.00	20,000.00		20,000.00
General Supplies	32,058.00	1,083.79	33,141.79	7,585.98	25,555.81
Other Objects	1,560.00	966.50	2,526.50	816.00	1,710.50
<b>Total Resource Room/Resource Center</b>	2,040,738.00	2,050.29	2,042,788.29	1,656,169.27	386,619.02
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	2,040,738.00	2,050.29	2,042,788.29	1,656,169.27	386,619.02

**ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES</b>					
Current Expense:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 342,610.00	\$ 82,739.00	\$ 425,349.00	\$ 399,805.39	\$ 25,543.61
Other Salaries for Instruction	357,330.00	40,361.00	397,691.00	373,118.71	24,572.29
Unused Vacation Payments to Terminated/ Retired Staff- Normal Retirements	20,000.00	(20,000.00)			
General Supplies	15,080.00	(3,100.00)	11,980.00	2,342.02	9,637.98
<b>Total Bilingual Education - Instruction</b>	<b>735,020.00</b>	<b>100,000.00</b>	<b>835,020.00</b>	<b>775,266.12</b>	<b>59,753.88</b>
Regular Vocational Programs - Instruction:					
Salaries of Teachers	5,023,402.00	69,700.00	5,093,102.00	4,945,682.07	147,419.93
Unused Vacation Payments to Terminated/ Retired Staff- Normal Retirements	25,000.00	(6,200.00)	18,800.00		18,800.00
Other Purchased Services (400-500 Series)	78,000.00	(9,577.00)	68,423.00	4,903.11	63,519.89
General Supplies	798,096.00	(36,976.59)	761,119.41	612,731.95	148,387.46
Textbooks	6,240.00		6,240.00		6,240.00
Other Objects	46,800.00	61,000.00	107,800.00	103,878.50	3,921.50
<b>Total Regular Vocational Programs - Instruction</b>	<b>5,977,538.00</b>	<b>77,946.41</b>	<b>6,055,484.41</b>	<b>5,667,195.63</b>	<b>388,288.78</b>
Special Vocational Programs - Instruction:					
Purchased Technical Services	11,200.00		11,200.00		11,200.00
General Supplies	72,840.00	(15,000.00)	57,840.00		57,840.00
Other Objects	37,440.00	(20,500.00)	16,940.00	2,013.30	14,926.70
<b>Total Special Vocational Programs - Instruction</b>	<b>121,480.00</b>	<b>(35,500.00)</b>	<b>85,980.00</b>	<b>2,013.30</b>	<b>83,966.70</b>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	104,000.00	68,700.00	172,700.00	172,621.50	78.50
General Supplies	29,120.00	(1,696.08)	27,423.92	12,289.00	15,134.92
Other Objects	43,680.00	(17,000.00)	26,680.00	21,782.74	4,897.26
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>176,800.00</b>	<b>50,003.92</b>	<b>226,803.92</b>	<b>206,693.24</b>	<b>20,110.68</b>
Total School-Sponsored Cocurricular Activities - Instruction					
Salaries	800,748.00	14,000.00	814,748.00	812,690.04	2,057.96
Purchased Services (300-500 Series)	40,000.00	(400.00)	39,600.00	24,838.85	14,761.15
Other Purchased Services (400-500 Series)	115,060.00	(27,000.00)	88,060.00	75,938.00	12,122.00
Travel	2,500.00		2,500.00	622.49	1,877.51
Miscellaneous Purchased Services	286,000.00	60,482.96	346,482.96	339,822.98	6,659.98
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>1,322,308.00</b>	<b>48,121.61</b>	<b>1,370,429.61</b>	<b>1,326,958.01</b>	<b>43,471.60</b>
<b>TOTAL INSTRUCTION</b>	<b>19,699,115.00</b>	<b>405,068.07</b>	<b>20,104,183.07</b>	<b>18,554,970.47</b>	<b>1,549,212.60</b>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	537,574.00	57,493.89	595,067.89	592,488.11	2,579.78
Purchased Professional and Technical Services	41,600.00		41,600.00	37,250.00	4,350.00
Other Purchased Services (400-500 series)	3,120.00	501.00	3,621.00	3,619.80	1.20
Supplies and Materials	93,728.00	(59,408.79)	34,319.21	25,539.72	8,779.49
Other Objects	40,000.00	(31,678.00)	8,322.00	5,900.00	2,422.00
<b>Total Undistributed Expenditures - Attendance and Social Work</b>	<b>716,022.00</b>	<b>(33,091.90)</b>	<b>682,930.10</b>	<b>664,797.63</b>	<b>18,132.47</b>

**ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Undistributed Expenditures - Guidance:</b>					
Salaries of Other Professional Staff	\$ 1,004,169.00	\$ 52,218.00	\$ 1,056,387.00	\$ 888,640.19	\$ 167,746.81
Salaries of Secretarial and Clerical Assistants	251,014.00	13,172.00	264,186.00	250,350.86	13,835.14
Other Salaries	182,000.00	9,736.50	191,736.50	118,046.19	73,690.31
Unused Vacation Payments to Terminated/ Retired Staff - Normal Retirements	40,000.00	(30,500.00)	9,500.00	9,500.00	9,500.00
Purchased Professional - Educational Services	101,920.00	(10,865.22)	91,054.78	17,587.00	73,467.78
Other Purchased Professional and Technical Services		9,000.00	9,000.00	9,000.00	-
Other Purchased Services (400-500 Series)					
Travel	2,500.00		2,500.00	470.16	2,029.84
Supplies and Materials	23,296.00	1,906.31	25,202.31	18,107.09	7,095.22
General Supplies					
Other Objects	3,380.00		3,380.00	2,598.53	781.47
<b>Total Undistributed Expenditures - Guidance</b>	<b>1,608,279.00</b>	<b>44,667.59</b>	<b>1,652,946.59</b>	<b>1,304,800.02</b>	<b>348,146.57</b>
<b>EXPENDITURES</b>					
<b>Current Expense:</b>					
<b>Undistributed Expenditures - Child Study Team:</b>					
Salaries of Other Professional Staff	796,483.00	(42,431.72)	754,051.28	703,294.04	50,757.24
Salaries of Secretarial and Clerical Assistants	73,002.00	10,000.00	83,002.00	11,493.81	71,508.19
Other Salaries		2,874.39	2,874.39	2,874.39	
Unused Vacation Payments to Terminated/Retired Staff - Normal Retirements	40,000.00	7,462.00	47,462.00		47,462.00
Purchased Professional - Educational Services	20,800.00		20,800.00	7,350.00	13,450.00
Travel	2,500.00		2,500.00	573.94	1,926.06
Other Purchased Services (400-500 Series)	235,500.00	(9,000.00)	226,500.00	19,744.36	206,755.64
Supplies and Materials	80,000.00	(6,000.00)	74,000.00	10,176.49	63,823.51
Other Objects	135,000.00	(13,000.00)	122,000.00	3,958.00	118,042.00
<b>Total Undistributed Expenditures - Child Study Team</b>	<b>1,383,285.00</b>	<b>(50,095.33)</b>	<b>1,333,189.67</b>	<b>759,465.03</b>	<b>573,724.64</b>
<b>Undistributed Expenditures - Improvement of Instructional Services:</b>					
Salaries of Supervisor of Instruction	1,229,855.00	(6,928.00)	1,222,927.00	926,646.12	296,280.88
Salaries of Other Professional Staff	80,000.00		80,000.00	25,242.58	54,757.42
Salaries of Secretarial and Clerical Assistants	141,473.00		141,473.00	70,816.80	70,656.20
Other Salaries	62,400.00		62,400.00	33,023.15	29,376.85
Unused Vacation Payments to Terminated/Retired Staff - Normal Retirements	78,000.00	3,718.00	81,718.00	32,049.26	49,668.74
Travel	28,000.00		28,000.00		28,000.00
Supplies and Materials	2,340.00	210.00	2,550.00	900.94	1,649.06
Other Objects		3,000.00	3,000.00	381.00	2,619.00
<b>Total Undistributed Expenditures - Improvement of Instructional Services</b>	<b>1,622,068.00</b>	<b>-</b>	<b>1,622,068.00</b>	<b>1,089,059.85</b>	<b>533,008.15</b>
<b>Undistributed Expenditures - Educational Media Services/School Library:</b>					
Salaries	213,486.00		213,486.00	186,511.65	26,974.35
Other Purchased Services (400-500 Series)		12,498.00	12,498.00	12,495.45	2.55
Supplies and Materials	35,672.00	(12,498.00)	23,174.00	21,678.77	1,495.23
<b>Total Undistributed Expenditures - Educational Media Services/School Library</b>	<b>249,158.00</b>	<b>-</b>	<b>249,158.00</b>	<b>220,685.87</b>	<b>28,472.13</b>
<b>Undistributed Expenditures - Instructional Staff Training Services:</b>					
Other Salaries	20,800.00		20,800.00	10,205.00	10,595.00
Purchased Professional-Educational Services	5,200.00	1,800.00	7,000.00	6,444.00	556.00
Travel	10,000.00		10,000.00	1,699.00	8,301.00
Supplies and Materials	10,280.00		10,280.00		10,280.00
Other Objects	10,400.00	(1,800.00)	8,600.00	2,924.00	5,676.00
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>56,680.00</b>	<b>-</b>	<b>56,680.00</b>	<b>21,272.00</b>	<b>35,408.00</b>



**ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Undistributed Expenditures - Support Services - General Administration:</b>					
Salaries	\$ 339,015.00	\$ 10,000.00	\$ 349,015.00	\$ 349,014.48	\$ 0.52
Salaries of Other Professional Staff	-	10,626.00	10,626.00	10,360.18	265.82
Salaries of Secretarial and Clerical Assistants	92,532.00	1,216.00	93,748.00	93,747.84	0.16
Legal Salaries	130,993.00	(97,842.00)	33,151.00	32,748.24	402.76
Legal Services	52,000.00	162,700.00	214,700.00	214,573.47	126.53
Audit Services	41,600.00	2,500.00	44,100.00	44,000.00	100.00
Other Purchased Professional Services		4,830.00	4,830.00	4,830.00	
Communications/Telephone	1,200,000.00	(124,871.62)	1,075,128.38	1,004,331.88	70,796.50
Other Purchased Services (400-500 Series)	180,000.00	(42,749.62)	137,250.38	92,836.67	44,413.71
Supplies and Materials	49,500.00	18,800.64	68,300.64	65,265.36	3,035.28
Judgments Against the School District	500,000.00	(452,000.00)	48,000.00	47,588.70	411.30
Miscellaneous Expenditures	20,000.00	615,270.55	635,270.55	628,545.35	6,725.20
BOE Membership Dues and Fees	25,000.00		25,000.00	18,501.70	6,498.30
<b>Total Undistributed Expenditures - Support Services - General Administration</b>	<b>2,630,640.00</b>	<b>108,479.95</b>	<b>2,739,119.95</b>	<b>2,606,343.87</b>	<b>132,776.08</b>
<b>Undistributed Expenditures - Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	1,212,676.00	(162,732.00)	1,049,944.00	1,049,942.79	1.21
Salaries of Other Professional Staff		325,457.33	325,457.33	325,457.21	0.12
Salaries of Secretarial and Clerical Assistants	610,135.00	(36,961.47)	573,173.53	556,265.42	16,908.11
Other Salaries	119,600.00	(50,656.00)	68,944.00	64,406.35	4,537.65
Other Purchased Services (400-500 Series)	5,200.00	87,786.00	92,986.00	87,745.01	5,240.99
Supplies and Materials	375,362.00	(94,705.09)	280,656.91	244,782.89	35,874.02
Other Objects	37,440.00	(8,785.00)	28,655.00	22,261.42	6,393.58
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>2,360,413.00</b>	<b>59,403.77</b>	<b>2,419,816.77</b>	<b>2,350,861.09</b>	<b>68,955.68</b>
<b>EXPENDITURES</b>					
<b>Current Expense:</b>					
<b>Undistributed Expenditures - Central Services:</b>					
Salaries of Other Professional Staff	275,593.00		275,593.00	275,591.76	1.24
Salaries of Secretarial and Clerical Assistants	664,775.00	4,900.00	669,675.00	667,074.76	2,600.24
Unused Vacation Payments to Terminated/Retired Staff - Normal Retirements	46,370.00	(23,000.00)	23,370.00	12,023.36	11,346.64
Purchased Professional Services	52,000.00	119,587.02	171,587.02	169,187.84	2,399.18
Other Purchased Services (400-500 Series)	23,920.00	(2,200.00)	21,720.00	21,148.42	571.58
Travel			2,000.00	589.47	
Supplies and Materials	93,600.00	(75,663.50)	17,936.50	15,839.11	2,097.39
Miscellaneous Expenditures	5,200.00	3,800.00	9,000.00	3,948.00	5,052.00
<b>Total Undistributed Expenditures - Central Services</b>	<b>1,161,458.00</b>	<b>27,423.52</b>	<b>1,190,881.52</b>	<b>1,165,402.72</b>	<b>24,068.27</b>
<b>Undistributed Expenditures - Administration of Information Technology:</b>					
Salaries	442,511.00		442,511.00	442,511.00	
Salaries of Other Professional Staff	63,000.00	(26,500.00)	36,500.00	31,134.44	5,365.56
Purchased Professional Services		40,000.00	40,000.00	40,000.00	
Purchased Professional and Technical Services		149,852.00	149,852.00	149,578.76	273.24
Other Purchased Services (400-500 Series)	36,000.00	(36,000.00)			
Travel	8,000.00	(4,852.00)	3,148.00	3,023.58	124.42
Miscellaneous Purchased Services (400-500 Series Other than Residential Costs)	445,486.00	(9,357.52)	436,128.48	432,758.11	3,370.37
Supplies and Materials	362,127.00	(103,946.50)	258,180.50	258,080.50	100.00
<b>Total Undistributed Expenditures - Administration of Information Technology</b>	<b>1,357,124.00</b>	<b>83,235.26</b>	<b>1,440,359.26</b>	<b>1,430,160.70</b>	<b>10,198.56</b>

**ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Undistributed Expenditures - Required Maintenance for School Facilities:</b>					
Salaries	\$ 146,323.00	\$ 81,684.00	\$ 228,007.00	\$ 220,199.00	\$ 7,808.00
Unused Vacation Payments to Terminated/Retired Staff - Normal Retirements	9,072.00	(4,600.00)	4,472.00		4,472.00
Cleaning, Repair and Maintenance Services	2,628,889.00	(40,409.47)	2,588,479.53	2,023,515.44	564,964.09
General Supplies	88,400.00	(8,787.09)	79,612.91	41,193.06	38,419.85
Other Objects	7,800.00	10,000.00	17,800.00	15,729.62	2,070.38
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>2,880,484.00</b>	<b>37,887.44</b>	<b>2,918,371.44</b>	<b>2,300,637.12</b>	<b>617,734.32</b>
<b>Undistributed Expenditures - Custodial Services:</b>					
Cleaning, Repair and Maintenance Services	1,664,000.00	57,805.44	1,721,805.44	1,687,273.44	34,532.00
Other Purchased Property Services	92,248.00	9,603.33	101,851.33	51,725.75	50,125.58
Insurance	572,000.00		572,000.00	526,218.98	45,781.02
Miscellaneous Purchased Services	228,800.00	(16,000.00)	212,800.00	39,500.00	173,300.00
General Supplies		45,000.00	45,000.00	1,090.90	43,909.10
Energy (Electricity)	2,261,084.00	308,151.40	2,569,235.40	1,234,507.29	1,334,728.11
Energy (Natural Gas)	1,981,200.00	47,574.86	2,028,774.86	422,759.40	1,606,015.46
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>6,799,332.00</b>	<b>452,135.03</b>	<b>7,251,467.03</b>	<b>3,963,075.76</b>	<b>3,288,391.27</b>
<b>Undistributed Expenditures - Care and Upkeep of Grounds:</b>					
Cleaning, Repair and Maintenance Services	296,400.00	319,498.00	615,898.00	374,781.75	241,116.25
<b>Undistributed Expenditures - Security:</b>					
Salaries	441,860.00	5,000.00	446,860.00	386,856.84	60,003.16
Purchased Professional and Technical Services	2,288,000.00	49,700.18	2,337,700.18	1,595,382.73	742,317.45
Cleaning, Repair and Maintenance Services		86,420.00	86,420.00	82,565.00	3,855.00
General Supplies	34,320.00	(28,000.00)	6,320.00	3,876.16	2,443.84
Other Objects	3,640.00	2,000.00	5,640.00	5,065.00	575.00
<b>Total Undistributed Expenditures - Security</b>	<b>2,767,820.00</b>	<b>115,120.18</b>	<b>2,882,940.18</b>	<b>2,073,745.73</b>	<b>809,194.45</b>
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant</b>	<b>12,744,036.00</b>	<b>924,640.65</b>	<b>13,668,676.65</b>	<b>8,712,240.36</b>	<b>4,956,436.29</b>
<b>Undistributed Expenditures - Student Transportation Services:</b>					
Salaries for Pupil Transportation (Between Home and School) - Special	77,331.00	(529.00)	76,802.00	76,802.00	
Salaries for Pupil Transportation (Other than Between Home and School)	115,461.00	120,524.65	235,985.65	233,410.49	2,575.16
Cleaning, Repair and Maintenance Services	104,000.00	(42,012.30)	61,987.70	52,968.44	9,019.26
Contract Services - (Between Home and School) - Vendors	481,520.00	108,097.13	589,617.13	503,925.93	85,691.20
Miscellaneous Purchased Services - Transportation	14,560.00	3,000.00	17,560.00	10,708.00	6,852.00
Supplies and Materials	3,120.00		3,120.00	1,187.56	1,932.44
Miscellaneous Expenditures		2,000.00	2,000.00	2,000.00	
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>795,992.00</b>	<b>191,080.48</b>	<b>987,072.48</b>	<b>881,002.42</b>	<b>106,070.06</b>

**ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES</b>					
<b>UNALLOCATED BENEFITS:</b>					
Group Insurance	\$ 20,800.00	\$	\$ 20,800.00	\$ 13,906.84	\$ 6,893.16
Social Security Contributions	610,500.00		610,500.00	590,645.28	19,854.72
Other Retirement Contributions - PERS	720,978.00		720,978.00	690,955.45	30,022.55
Other Retirement Contributions - ERIP:					
Other Retirement Contributions - DCRP	5,200.00		5,200.00		5,200.00
Unemployment Compensation	270,400.00		270,400.00	22,879.57	247,520.43
Workmen's Compensation	234,000.00		234,000.00	182,299.29	51,700.71
Health Benefits	5,050,555.00	344,654.17	5,395,209.17	5,088,478.33	306,730.84
Tuition Reimbursement	93,600.00		93,600.00	56,450.37	37,149.63
Other Employee Benefits	208,000.00	9.00	208,009.00	175,386.49	32,622.51
Unused Sick Payments to Terminated/Retired Staff - Normal Retirements	20,800.00		20,800.00	15,342.08	5,457.94
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>7,234,833.00</b>	<b>344,663.17</b>	<b>7,579,496.17</b>	<b>6,836,343.68</b>	<b>743,152.49</b>
On-Behalf TPAF Pension Contributions (Nonbudgeted)				6,549,721.00	(6,549,721.00)
On-Behalf TPAF OPEB (Post-Retirement Medical) Contribution (Nonbudgeted)				1,720,596.00	(1,720,596.00)
On-Behalf TPAF Long-Term Disability Contribution (Nonbudgeted)				2,544.00	(2,544.00)
Reimbursed TPAF Social Security Contributions (Nonbudgeted)				1,404,731.32	(1,404,731.32)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,677,592.32</b>	<b>(9,677,592.32)</b>
<b>TOTAL PERSONNEL SERVICES - EMPLOYEE BENEFITS</b>	<b>7,234,833.00</b>	<b>344,663.17</b>	<b>7,579,496.17</b>	<b>16,513,936.00</b>	<b>(8,934,439.83)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>33,919,988.00</b>	<b>1,700,407.16</b>	<b>35,622,395.16</b>	<b>37,720,027.56</b>	<b>(2,099,042.93)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>53,619,103.00</b>	<b>2,105,475.23</b>	<b>55,726,578.23</b>	<b>56,274,998.03</b>	<b>(549,830.33)</b>
<b>CAPITAL OUTLAY</b>					
<b>Facilities Acquisition and Construction Services:</b>					
Other Purchased Professional and Technical Services		140,000.00	140,000.00	98,000.00	42,000.00
Construction Services	7,600,000.00	3,385,534.50	10,985,534.50	10,789,428.75	196,105.75
<b>Total Facilities Acquisition and Construction Services</b>	<b>7,600,000.00</b>	<b>3,525,534.50</b>	<b>11,125,534.50</b>	<b>10,887,428.75</b>	<b>238,105.75</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>7,600,000.00</b>	<b>3,525,534.50</b>	<b>11,125,534.50</b>	<b>10,887,428.75</b>	<b>238,105.75</b>
<b>SPECIAL SCHOOLS</b>					
<b>Summer School - Instruction:</b>					
Salaries of Teachers	200,000.00	-	200,000.00	13,324.50	186,675.50
<b>Total Summer School - Instruction</b>	<b>200,000.00</b>	<b>-</b>	<b>200,000.00</b>	<b>13,324.50</b>	<b>186,675.50</b>
<b>Summer School - Support Services:</b>					
Salaries	27,040.00		27,040.00		27,040.00
Personal Services - Employee Benefits	7,280.00		7,280.00	1,019.33	6,260.67
<b>Total Summer School - Support Services</b>	<b>34,320.00</b>	<b>-</b>	<b>34,320.00</b>	<b>1,019.33</b>	<b>33,300.67</b>
<b>Total Summer School</b>	<b>234,320.00</b>	<b>-</b>	<b>234,320.00</b>	<b>14,343.83</b>	<b>219,976.17</b>
<b>Adult Education - Local - Instruction:</b>					
General Supplies	3,120.00	-	3,120.00	119.20	3,000.80
<b>Total Adult Education - Local - Instruction</b>	<b>3,120.00</b>	<b>-</b>	<b>3,120.00</b>	<b>119.20</b>	<b>3,000.80</b>

**ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>Adult Education - Local - Support Services:</b>					
Supplies and Materials	\$ 13,520.00	\$ 371.76	\$ 13,891.76	\$ 5,783.80	\$ 8,107.96
<b>Total Adult Education - Local - Support Services</b>	<b>13,520.00</b>	<b>371.76</b>	<b>13,891.76</b>	<b>5,783.80</b>	<b>8,107.96</b>
<b>Total Adult Education - Local - Instruction</b>	<b>16,640.00</b>	<b>371.76</b>	<b>17,011.76</b>	<b>5,903.00</b>	<b>11,108.76</b>
<b>Vocational Evening - Local - Support Services:</b>					
Supplies and Materials	10,000.00	(500.00)	9,500.00		9,500.00
<b>Total Vocational Evening - Local - Support Services</b>	<b>10,000.00</b>	<b>(500.00)</b>	<b>9,500.00</b>	<b>-</b>	<b>9,500.00</b>
<b>Total Vocational Evening - Local - Instruction</b>	<b>10,000.00</b>	<b>(500.00)</b>	<b>9,500.00</b>	<b>-</b>	<b>9,500.00</b>
<b>SPECIAL SCHOOLS</b>					
<b>Evening-School - Foreign-Born - Local - Instruction:</b>					
Salaries of Teachers	93,600.00	(18,665.07)	74,934.93	48,149.00	26,785.93
General Supplies	31,200.00	(3,825.00)	27,375.00	14,219.16	13,155.84
Textbooks	5,720.00		5,720.00	356.45	5,363.55
Other Objects		300.00	300.00	300.00	
<b>Total Evening School - Foreign-Born - Local - Instruction</b>	<b>130,520.00</b>	<b>(22,190.07)</b>	<b>108,329.93</b>	<b>63,024.61</b>	<b>45,305.32</b>
<b>Evening School - Foreign-Born - Local - Support Services:</b>					
Salaries	60,840.00	22,365.07	83,205.07	74,314.95	8,890.12
Personal Services - Employee Benefits	10,420.00		10,420.00	9,368.49	1,051.51
Other Purchased Services (400-500 Series)		325.00	325.00	325.00	
<b>Total Evening School - Foreign-Born - Local - Support Services</b>	<b>71,260.00</b>	<b>22,690.07</b>	<b>93,950.07</b>	<b>84,008.44</b>	<b>9,941.63</b>
<b>Total Evening School - Foreign-Born - Local</b>	<b>201,780.00</b>	<b>500.00</b>	<b>202,280.00</b>	<b>147,033.05</b>	<b>55,246.95</b>
<b>TOTAL SPECIAL SCHOOLS</b>	<b>462,740.00</b>	<b>371.76</b>	<b>463,111.76</b>	<b>167,279.88</b>	<b>295,831.88</b>
<b>TOTAL EXPENDITURES</b>	<b>61,681,843.00</b>	<b>5,631,381.49</b>	<b>67,315,224.49</b>	<b>67,329,706.66</b>	<b>(15,892.70)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources</b>	<b>(12,791,051.10)</b>	<b>(5,631,381.49)</b>	<b>(18,424,432.59)</b>	<b>(8,527,160.66)</b>	<b>9,895,861.40</b>
<b>Fund Balance, July 1</b>	<b>31,851,792.29</b>		<b>31,851,792.29</b>	<b>31,851,792.29</b>	
<b>Fund Balance, June 30</b>	<b>\$ 19,060,741.19</b>	<b>\$ (5,631,381.49)</b>	<b>\$ 13,427,359.70</b>	<b>\$ 23,324,631.63</b>	<b>\$ 9,895,861.40</b>
<b>Recapitulation</b>					
<b>Restricted Fund Balance:</b>					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 10,770,198.78	
Excess Surplus				8,767,566.66	
Unemployment Compensation Claims Reserve				29,713.00	
Assigned for:					
Year End Encumbrances				298,026.33	
Unassigned:					
General Fund				3,459,126.86	
Reconciliation to Governmental Funds Statements (GAAP):				23,324,631.63	
Last State Aid Payment Not Recognized on GAAP Basis				2,960,149.00	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<b>\$ 20,364,482.63</b>	

**ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

C-2  
Sheet 1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources	\$	\$ 117,939.71	\$ 117,939.71	\$ 310,702.44	\$ 192,762.73
Total - Local Sources	-	117,939.71	117,939.71	310,702.44	192,762.73
Federal Sources:					
Title I, Part A	1,207,953.00	409,120.00	1,617,073.00	1,592,322.40	(24,750.60)
Title II, Part A	118,295.00	25,311.00	143,606.00	140,205.03	(3,400.97)
Title III	39,471.00	(6,742.00)	32,729.00	32,729.00	
Title IV	88,623.00	29,095.00	117,718.00	113,043.00	(4,675.00)
I.D.E.A. Part B Basic	519,060.00	137,404.71	656,464.71	479,300.96	(177,163.75)
Vocational Education	864,485.00	(67,486.00)	796,999.00	794,176.13	(2,822.87)
Adult Basic Education	84,043.00	4,457.00	88,500.00	88,500.00	
CARES Act		1,790,652.15	1,790,652.15	1,790,522.15	(130.00)
ARP	861,583.00	10,162,046.95	11,023,629.95	1,355,077.57	(9,668,552.38)
I.D.E.A. Part B Basic - Carryover				96,932.71	96,932.71
Total - Federal Sources	3,783,513.00	12,483,858.81	16,267,371.81	6,482,808.95	(9,784,562.86)
State Sources:					
Other		255,515.00	255,515.00	262,164.00	6,649.00
Total - State Sources	-	255,515.00	255,515.00	262,164.00	6,649.00
Total Revenues	\$ 3,783,513.00	\$ 12,857,313.52	\$ 16,640,826.52	\$ 7,055,675.39	\$ (9,585,151.13)
<b>EXPENDITURES</b>					
Instruction:					
Salaries of Teachers	\$ 1,583,943.00	\$ 2,119,276.79	\$ 3,703,219.79	\$ 1,654,074.68	\$ 2,049,145.11
Other Salaries for Instruction	91,140.00		91,140.00	91,140.00	
Purchased Professional and Educational Services	206,479.00	71,435.50	277,914.50	210,914.06	67,000.44
Purchased Professional and Technical Services		2,001.00	2,001.00	30.00	1,971.00
General Supplies	380,460.00	2,324,843.12	2,705,303.12	1,509,321.53	1,195,981.59
Other Objects	74,606.00	231,912.00	306,518.00	84,787.87	221,730.13
Student Activities				226,473.01	(226,473.01)
Total Instruction	2,336,628.00	4,749,468.41	7,086,096.41	3,776,741.15	3,309,355.26

**ESSEX COUNTY VOCATIONAL SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Support Services:</b>					
Personnel Services - Salaries	\$ 354,782.00	\$ 1,197,732.11	\$ 1,552,514.11	\$ 810,114.39	\$ 742,399.72
Personal Services - Employee Benefits	549,817.00	625,622.97	1,175,439.97	730,722.64	444,717.33
Purchased Professional and Technical Services	56,100.00	387,632.05	443,732.05	367,732.62	75,999.43
Purchased Professional-Educational Services		1,617,979.00	1,617,979.00	15,495.00	1,602,484.00
Other Purchased Services (400-500 Series)	37,563.00	446,325.06	483,888.06	99,784.66	384,103.40
Travel	12,545.00	(2,520.62)	10,024.38	10,024.38	
Other Objects	2,000.00	62,430.00	64,430.00		64,430.00
<b>Total Support Services</b>	<b>1,022,865.00</b>	<b>4,866,878.38</b>	<b>5,889,743.38</b>	<b>2,221,106.38</b>	<b>3,668,637.00</b>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment	337,508.00	649,445.73	986,953.73	835,477.08	151,476.65
Noninstructional Equipment	86,512.00	2,591,521.00	2,678,033.00	172,574.16	2,505,458.84
<b>Total Facilities Acquisition and Construction Services</b>	<b>424,020.00</b>	<b>3,240,966.73</b>	<b>3,664,986.73</b>	<b>1,008,051.24</b>	<b>2,656,935.49</b>
<b>Total Expenditures</b>	<b>\$ 3,783,513.00</b>	<b>\$ 12,857,313.52</b>	<b>\$ 16,640,826.52</b>	<b>\$ 7,005,898.77</b>	<b>\$ 9,634,927.75</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,776.62</b>	<b>\$ 49,776.62</b>
<b>Fund Balance, July 1</b>				<b>\$ 107,754.09</b>	
<b>Fund Balance June 30</b>				<b>\$ 157,530.71</b>	
Recapitulation:					
Restricted:					
Student Activities				\$ 157,530.71	
<b>Total Fund Balance</b>				<b>\$ 157,530.71</b>	

ESSEX COUNTY VOCATIONAL SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET-TO-GAAP RECONCILIATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 58,802,546.00	[C-2] \$ 7,055,675.39
Difference - Budget-to-GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(384,072.76)
State aid payment recognized for GAAP statements in the current year previously recognized for budgetary statements.	2,744,997.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(2,960,149.00)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 58,587,394.00</u>	[B-2] <u>\$ 6,671,602.63</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 67,329,706.66	[C-2] \$ 7,005,898.77
Differences - Budget-to-GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		(384,072.76)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds including transfers.	[B-2] <u>\$ 67,329,706.66</u>	[B-2] <u>\$ 6,621,826.01</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**



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

**Note:** GASB 68 requires that ten years of statistical data be presented. The following unaudited information is presented utilizing information available. Data for the latest years available has been presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.

ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST EIGHT FISCAL YEARS  
(Unaudited)

	Fiscal Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0549%	0.5302%	0.5440%	0.0539%	0.0569%	0.0573%	0.0576%	0.0563%
District's proportionate share of the net pension liability (asset)	\$ 8,283,043	\$ 6,281,542	\$ 8,877,038	\$ 9,706,568	\$ 11,194,950	\$ 13,343,768	\$ 17,057,562	\$ 12,640,102
State's proportionate share of the net pension liability (asset) associated with the District		11,972,782.878	16,435,616.426	18,143,832.135	19,689,501.539	23,278,401.588	29,617,131,759	22,447,996,119
Total	\$ 8,283,043	\$11,979,064,420	\$16,444,493,464	\$18,153,538,703	\$19,700,696,489	\$23,291,745,356	\$29,634,189,321	\$22,460,636,221
District's covered-employee payroll	\$4,390,109.00	\$ 4,186,826.00	\$ 4,099,444.00	\$ 3,801,238.00	\$ 3,974,424.00	\$ 3,759,518	\$ 3,935,493	\$ 3,928,601
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	188.68%	150.03%	216.54%	255.35%	281.67%	354.93%	433.43%	*
Plan fiduciary net position as a percentage of the total pension liability	32.29%	51.51%	42.05%	48.72%	53.60%	40.14%	47.93%	52.08%

ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST EIGHT FISCAL YEARS  
(Unaudited)

	Fiscal Year Ended June 30,							
	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 692,138	\$ 620,978	\$ 595,499	\$ 523,997	\$ 565,548	\$ 531,032	\$ 511,653	\$ 484,101
Contributions in relation to the contractually required contribution	(692,138)	(620,978)	(595,499)	(523,997)	(565,548)	(531,032)	(511,653)	(484,101)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$4,390,109	\$4,186,826	\$4,099,444	\$3,801,238	\$3,974,424	\$3,759,518	\$4,006,848	\$3,935,493
Contributions as a percentage of covered-employee payroll	15.77%	14.83%	14.53%	13.78%	14.23%	14.13%	12.77%	12.30%

ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
TEACHERS' PENSION AND ANNUITY FUND  
LAST EIGHT FISCAL YEARS  
(Unaudited)

	For the Fiscal Year Ended June 30,					
	2022	2021	2020	2019	2018	2017
District's proportion of the net pension liability (asset)	1.560%	1.607%	1.610%	1.678%	0.168%	0.171%
District's proportionate share of the net pension liability (asset)	\$ 80,479,908	\$ 77,304,641	\$ 106,008,858	\$ 103,007,731	\$ 107,035,080	\$ 115,048,742
State's proportionate share of the net pension liability (asset) associated with the District	51,676,587,303	48,165,991,182	65,993,498,688	61,519,112,443	63,806,350,446	67,670,209,171
Total	\$ 51,757,067,211	\$ 48,243,295,823	\$ 66,099,507,546	\$ 61,622,120,174	\$ 63,913,385,526	\$ 67,785,257,913
District's covered-employee payroll	\$ 18,772,873	\$ 18,710,350	\$ 18,089,016	\$ 17,192,375	\$ 17,364,260	\$ 17,294,655
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	428.70%	413.17%	586.04%	599.15%	616.41%	665.23%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	33.76%	26.49%	25.41%
					\$ 132,360,334	\$ 17,381,230
					\$ 108,415,599	\$ 17,127,017
					63,204,270,305	\$ 63,313,685,904
					79,028,907,033	\$ 79,161,267,367
					638.85%	28.71%

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**ESSEX COUNTY VOCATIONAL SCHOOLS  
COUNTY OF ESSEX**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Changes of Benefit Terms and Changes of Assumptions**

Refer to Note 6 in the Notes to Financial Statements for benefits and assumptions.

**M. SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR  
POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Note: GASB 75 requires that ten years of statistical data be presented. The following unaudited information is presented utilizing information available. Data for the latest years available has been presented. Each year hereafter, an additional year's data will be included until ten years of data is presented.**





**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**ESSEX COUNTY VOCATIONAL SCHOOLS  
COUNTY OF ESSEX**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE YEAR ENDED JUNE 30, 2023**

**Changes of Benefit Terms and Changes of Assumptions**

Refer to Note 8 in the Notes to Financial Statements for benefits and assumptions.

## **OTHER SUPPLEMENTARY INFORMATION**

**D. SCHOOL-BASED BUDGET SCHEDULES (IF APPLICABLE)**

**E. SPECIAL REVENUE FUND**

ESSEX COUNTY VOCATIONAL SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30 2023

	Total Brought Forward E-1, Sheet #2	NCLB				I.D.E.A. Part B	I.D.E.A. Part B Carryover	Adult Basic Education	Carl D. Perkins Secondary	Total
		Title I	Title IIA	Title III	Title IV					
<b>REVENUES</b>										
Federal Sources	\$ 3,145,599.72	\$ 1,592,322.40	\$ 140,205.03	\$ 32,729.00	\$ 113,043.00	\$ 479,300.96	\$ 96,932.71	\$ 88,500.00	\$ 794,176.13	\$ 6,482,808.95
State Sources	262,164.00									262,164.00
Local Sources	310,702.44									310,702.44
<b>Total Revenues</b>	<b>\$ 3,718,466.16</b>	<b>\$ 1,592,322.40</b>	<b>\$ 140,205.03</b>	<b>\$ 32,729.00</b>	<b>\$ 113,043.00</b>	<b>\$ 479,300.96</b>	<b>\$ 96,932.71</b>	<b>\$ 88,500.00</b>	<b>\$ 794,176.13</b>	<b>\$ 7,055,675.39</b>
<b>EXPENDITURES</b>										
Instruction:										
Salaries of Teachers	\$ 199,395.59	\$ 896,734.47	\$ 73,047.00	\$ 18,445.78	\$ 30,181.17	\$ 254,381.46	\$ 57,896.13	76,140.00	\$ 123,993.08	\$ 1,654,074.88
Other Salaries for Instruction	15,000.00									91,140.00
Purchased Professional and Technical Services	29,818.50	40,250.00							140,845.56	210,914.06
Other Purchased Services (400-500 Series)	30.00								30.00	30.00
General Supplies	1,092,014.23	101,546.54		9,758.22	37,735.83	933.44		5,350.00	261,983.27	1,509,321.53
Other Objects	1,041.87	38,097.00			39,818.00	596.00	5,235.00		84,787.87	84,787.87
Student Activities	226,473.01									226,473.01
<b>Total Instruction</b>	<b>1,337,300.19</b>	<b>1,076,628.01</b>	<b>73,047.00</b>	<b>28,204.00</b>	<b>107,735.00</b>	<b>255,910.90</b>	<b>63,131.13</b>	<b>81,490.00</b>	<b>528,821.91</b>	<b>3,550,268.14</b>
Support Services:										
Personnel Services - Salaries	535,234.82	95,982.72	14,183.91			125,311.06	27,285.58		12,116.30	810,114.39
Personnel Services - Employee Benefits	204,980.27	403,765.00	6,672.00	1,411.00	2,308.00	87,648.00	6,516.00	7,010.00	10,412.37	730,722.64
Purchased Professional and Technical Services	361,382.62	6,350.00								367,732.62
Purchased Professional - Educational Services						9,495.00			3,000.00	15,495.00
Other Purchased Services (400-500 Series)	42,453.60	5,028.94	45,702.12	2,314.00	3,000.00	936.00			3,350.00	99,784.66
Travel									10,024.38	10,024.38
Supplies and Materials	181,264.96	4,567.73	600.00	800.00						187,232.69
<b>Total Support Services</b>	<b>1,325,316.27</b>	<b>515,694.39</b>	<b>67,158.03</b>	<b>4,525.00</b>	<b>5,308.00</b>	<b>223,390.06</b>	<b>33,801.58</b>	<b>7,010.00</b>	<b>38,903.05</b>	<b>2,221,106.38</b>
Facilities Acquisition and Construction:										
Instructional Equipment	607,025.91								228,451.17	835,477.08
Noninstructional Equipment	172,574.16									172,574.16
<b>Total Facilities Acquisition and Construction</b>	<b>779,600.07</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>228,451.17</b>	<b>1,008,051.24</b>
<b>Total Expenditures</b>	<b>\$ 3,442,216.53</b>	<b>\$ 1,592,322.40</b>	<b>\$ 140,205.03</b>	<b>\$ 32,729.00</b>	<b>\$ 113,043.00</b>	<b>\$ 479,300.96</b>	<b>\$ 96,932.71</b>	<b>\$ 88,500.00</b>	<b>\$ 794,176.13</b>	<b>\$ 6,779,425.76</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	\$ 49,776.62	\$	\$	\$	\$	\$	\$	\$	\$	\$ 49,776.62
Fund Balance, July 1	107,754.09									107,754.09
<b>Fund Balance June 30</b>	<b>\$ 157,530.71</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 157,530.71</b>

ESSEX COUNTY VOCATIONAL SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Total Brought Forward E-1, Sheet #3	ARP					CARES				Total Page #2	
		ESSER Program	ESSER Accelerated Learning	ESSER Summer Learning	ESSER Beyond the School	NJTSS Mental Health Support	Homeless Children and Youth II Grant	Education Stabilization	ESSER II	Mental Health		Learning II
REVENUES												
Federal Sources	\$	\$ 1,205,915.26	\$ 65,288.95	\$ 35,869.40	\$	\$ 45,000.00	\$ 3,003.96	\$ 631.25	\$ 1,656,846.86	\$ 34,495.00	\$ 98,549.04	\$ 3,145,593.72
State Sources	262,164.00											262,164.00
Local Sources	310,702.44											310,702.44
Total Revenues	\$ 572,866.44	\$ 1,205,915.26	\$ 65,288.95	\$ 35,869.40	\$ -	\$ 45,000.00	\$ 3,003.96	\$ 631.25	\$ 1,656,846.86	\$ 34,495.00	\$ 98,549.04	\$ 3,718,466.16
EXPENDITURES												
Instruction:												
Salaries of Teachers	\$ 3,760.00	\$ 3,055.00	\$	\$ 33,320.39	\$	\$	\$	\$	\$ 114,309.81	\$	\$ 44,950.39	\$ 199,395.59
Other Salaries for Instruction	15,000.00											15,000.00
Purchased Professional and Technical Services	21,278.50											21,278.50
General Supplies	43,222.31	484,813.59					2,973.96	631.25	532,656.24	4,640.00	3,900.00	29,818.50
Other Objects		1,041.87								1,356.95	26,359.93	1,092,014.23
Student Activities	226,473.01											1,041.87
Total Instruction	83,260.81	486,910.46	-	33,320.39	-	-	3,003.96	631.25	846,986.05	5,996.95	75,210.32	226,473.01
Support Services:												1,337,900.19
Personnel Services - Salaries	8,000.00	55,959.12				29,479.00			441,796.70			535,234.82
Personnel Services - Employee Benefits	900.00	5,032.67		2,549.01		15,521.00			177,538.87		3,438.72	204,980.27
Purchased Professional and Technical Services	2,500.00	235,277.57	35,822.00						39,385.00	28,498.05	19,900.00	361,382.62
Purchased Professional-Educational Services												
Purchased Property Services												
Other Purchased Services (400-500 Series)	5,711.65		29,466.95						7,275.00			42,453.60
Supplies and Materials	3,500.00	16,454.38							161,310.58			181,264.96
Other Objects	-											
Total Support Services	20,611.65	312,723.74	65,288.95	2,549.01	-	45,000.00	-	-	827,306.15	28,498.05	23,338.72	1,325,316.27
Facilities Acquisition and Construction:												
Instructional Equipment	106,232.35	318,218.90							182,574.66			607,025.91
Noninstructional Equipment	86,512.00	86,062.16										172,574.16
Total Facilities Acquisition and Construction	192,744.35	404,281.06							182,574.66			779,600.07
Total Expenditures	\$ 296,616.81	\$ 1,205,915.26	\$ 65,288.95	\$ 35,869.40	\$ -	\$ 45,000.00	\$ 3,003.96	\$ 631.25	\$ 1,656,846.86	\$ 34,495.00	\$ 98,549.04	\$ 3,442,216.53
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	\$ 49,776.62	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 49,776.62
Fund Balance, July 1	107,754.09											107,754.09
Fund Balance June 30	\$ 157,530.71	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,530.71

ESSEX COUNTY VOCATIONAL SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Carl Perkins		Climate Change Awareness	Adult State Education	SDA	NJSBAIG Safety	Victoria Foundation	NJ PSA	New Jersey Gardens Program Whole Foods	Port Authority	Student Activities	Total Page #3
REVENUES	Post Secondary	Post Secondary										
Federal Sources												
State Sources	\$ 86,872.00	\$ 87,374.00	\$ 6,660.00	\$ 15,000.00	\$ 66,258.00	\$ 20,254.00	\$ 8,095.73	\$ 3,500.00	\$ 1,085.08	\$ 1,518.00	\$ 276,249.63	\$ 262,164.00
Local Sources												\$ 310,702.44
Total Revenues	\$ 86,872.00	\$ 87,374.00	\$ 6,660.00	\$ 15,000.00	\$ 66,258.00	\$ 20,254.00	\$ 8,095.73	\$ 3,500.00	\$ 1,085.08	\$ 1,518.00	\$ 276,249.63	\$ 572,866.44
EXPENDITURES												
Instruction:												
Salaries of Teachers		\$ 2,350.00	\$	\$ 15,000.00						\$ 1,410.00	\$	\$ 3,760.00
Other Salaries for Instruction		21,278.50										15,000.00
Purchased Professional and Technical Services												21,278.50
Other Purchased Services (400-500 Series)												
General Supplies	5,153.00	24,728.50	4,160.00				8,095.73		1,085.08			43,222.31
Textbooks												
Other Objects												
Student Activities												
Total Instruction	5,153.00	48,357.00	4,160.00	15,000.00	-	-	8,095.73	-	1,085.08	1,410.00	226,473.01	226,473.01
Support Services:												
Personnel Services - Salaries		8,000.00										8,000.00
Personnel Services - Employee Benefits		792.00	2,500.00							108.00		900.00
Purchased Professional and Technical Services												2,500.00
Other Purchased Services (400-500 Series)												
Travel		5,711.65										5,711.65
Supplies and Materials								3,500.00				3,500.00
Other Objects												
Total Support Services	-	14,503.65	2,500.00	-	-	-	-	3,500.00	-	108.00	-	20,611.65
Facilities Acquisition and Construction:												
Instructional Equipment	81,719.00	24,513.35										106,232.35
Noninstructional Equipment					66,258.00	20,254.00						86,512.00
Total Facilities Acquisition and Construction	81,719.00	24,513.35	-	-	66,258.00	20,254.00	-	-	-	-	-	192,744.35
Total Expenditures	\$ 86,872.00	\$ 87,374.00	\$ 6,660.00	\$ 15,000.00	\$ 66,258.00	\$ 20,254.00	\$ 8,095.73	\$ 3,500.00	\$ 1,085.08	\$ 1,518.00	\$ 226,473.01	\$ 523,089.82
Excess (Deficiency) of Revenues Over/(Under)												
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund Balance, July 1												107,754.09
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,530.71	\$ 157,530.71



**F. CAPITAL PROJECTS FUND**

ESSEX COUNTY VOCATIONAL SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Project Title/Issue</u>	<u>Balance Unexpended June 30, 2022</u>	<u>Revenue</u>	<u>Expended Current Year</u>	<u>Cancelled/ Adjustment</u>	<u>Balance Unexpended June 30, 2023</u>
Project/Equipment FY 10	\$ 2,295.00		\$ 2,295.00		\$
Capital Projects/Equipment FY	1,114.83		1,114.83		
Various Renovations	564,221.82		3,435.00	(20,490.65)	540,296.17
Acquisition and Construction of New School	1,548,022.95		1,443,798.81	20,490.65	124,714.79
Site Development - Teal Center	35,852.91		35,852.91		
Renovation of West Caldwell	175,276.73		(69,483.81)		244,760.54
Equipment FY 10	234,595.73		223,238.41		11,357.32
Renovation of Newark Tech	33,564,054.37		15,670,877.79	(15,000,000.00)	2,893,176.58
Capital Reserve	529,552.95		529,552.95		
Capital Reserve	357,420.08		(2,375,160.75)		2,732,580.83
Interest	296,239.25	51,694.44			347,933.69
Adjustment Account	1,195,163.94			(285,601.98)	909,561.96
	<u>\$ 38,503,810.56</u>	<u>\$ 51,694.44</u>	<u>\$ 15,465,521.14</u>	<u>\$ (15,285,601.98)</u>	<u>\$ 7,804,381.88</u>

**ESSEX COUNTY VOCATIONAL SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Revenues and Other Financing Sources:	
Interest Income	\$ 51,694.44
Total Revenues and Other Financing Sources	<u>51,694.44</u>
Expenditures and Other Financing Uses:	
Construction Services	<u>15,751,123.12</u>
Total Expenditures and Other Financing Uses	<u>15,751,123.12</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(15,699,428.68)
Other Financing Sources/(Uses):	
Cancelled	<u>(15,000,000.00)</u>
Net Change in Fund Balance	(30,699,428.68)
Fund Balance - Beginning of Year	<u>38,503,810.56</u>
Fund Balance - End of Year	<u><u>\$ 7,804,381.88</u></u>
<b>Reconciliation to Governmental Funds Statements (GAAP Basis)</b>	
Fund Balance (Budgetary Basis)	\$ 7,804,381.88
Less: Encumbrances	<u>1,563,463.31</u>
Fund Balance Per Governmental Funds (GAAP Basis)	<u><u>\$ 6,240,918.57</u></u>

## **G. PROPRIETARY FUNDS**

**ENTERPRISE FUND**

**INTERNAL SERVICE FUND**

**H. FIDUCIARY FUNDS (IF APPLICABLE)**

## **I. LONG-TERM DEBT**



ESSEX COUNTY VOCATIONAL SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
YEAR ENDED JUNE 30, 2023

Purpose	Date of Original Issue	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2022	Retired	Balance June 30, 2023
			Principal	Interest				
Copier Lease #19141	4/20/2018	60 Months	\$ 36,989.55	\$ 5,730.45	5.82%	\$ 6,255.36	\$ 6,255.36	\$
Copier Lease #19318	5/22/2018	60 Months	158,943.33	20,936.67	4.98%	32,171.39	32,171.39	
Copier Lease #19360	6/20/2018	60 Months	15,296.22	2,583.78	6.32%	3,456.54	3,456.54	
Copier Lease #22792	1/19/2021	60 Months	34,624.82	4,675.18	5.10%	25,691.59	6,705.04	18,986.55
Copier Lease #21147	11/20/2019	60 Months	19,249.58	3,250.42	6.32%	10,060.97	3,978.26	6,082.71
Copier Lease #22808	3/16/2021	60 Months	80,978.52	8,721.48	4.10%	62,260.08	15,679.81	46,580.27
						<u>\$ 139,895.93</u>	<u>\$68,246.40</u>	<u>\$ 71,649.53</u>

**STATISTICAL SECTION (UNAUDITED)**

## **INTRODUCTION TO THE STATISTICAL SECTION**

## **FINANCIAL TRENDS**

ESSEX COUNTY VOCATIONAL SCHOOLS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)  
(Unaudited)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 29,853,686	\$ 68,585,564	\$ 102,618,285	\$ 162,092,991	\$ 195,820,793	\$ 195,294,707	\$ 223,658,828	\$ 227,855,907	\$ 251,700,635	\$ 273,996,003
Restricted	16,358,752	36,031,438	146,661,863	88,788,540	57,106,077	53,239,953	36,613,607	92,736,977	67,835,909	27,827,417
Unrestricted	(11,332,263)	(11,820,854)	(12,217,787)	(12,772,021)	(13,310,586)	(4,283,067)	(13,505,578)	(13,080,499)	(11,627,664)	(9,360,515)
<b>Total Governmental Activities Net Position</b>	<b>\$ 34,880,175</b>	<b>\$ 92,796,148</b>	<b>\$ 237,062,361</b>	<b>\$ 238,109,510</b>	<b>\$ 239,616,283</b>	<b>\$ 244,251,594</b>	<b>\$ 246,766,857</b>	<b>\$ 307,512,385</b>	<b>\$ 307,908,880</b>	<b>\$ 292,462,905</b>
<b>Business-Type Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 69,560	\$ 59,355	\$ 49,948	\$ 49,948	\$ -	\$ 30,753,94	\$ 810,505.00	\$ 734,490	\$ 658,475	\$ 588,094
Unrestricted	15,717	41,089	268,104	389,934	573,582	555,988	(228,218)	(271,489)	135,306	224,267
<b>Total Business-Type Activities Net Position</b>	<b>\$ 85,277</b>	<b>\$ 100,444</b>	<b>\$ 318,052</b>	<b>\$ 439,882</b>	<b>\$ 573,582</b>	<b>\$ 586,742</b>	<b>\$ 582,287</b>	<b>\$ 463,001</b>	<b>\$ 793,781</b>	<b>\$ 812,361</b>
<b>District-Wide:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 29,923,246	\$ 68,644,919	\$ 102,668,234	\$ 162,142,940	\$ 195,820,793	\$ 195,325,461	\$ 224,469,333	\$ 228,590,397	\$ 252,359,110	\$ 274,584,097
Restricted	16,358,752	36,046,493	146,661,863	88,788,540	57,106,077	53,239,953	36,613,607	92,736,977	67,835,909	27,827,417
Unrestricted	(11,316,546)	(11,794,819)	(11,949,684)	(12,382,087)	(12,737,004)	(3,727,079)	(13,733,796)	(13,351,988)	(11,492,358)	(9,136,248)
<b>Total District Net Position</b>	<b>\$ 34,965,452</b>	<b>\$ 92,896,593</b>	<b>\$ 237,380,413</b>	<b>\$ 238,549,393</b>	<b>\$ 240,189,866</b>	<b>\$ 244,838,335</b>	<b>\$ 247,349,144</b>	<b>\$ 307,975,386</b>	<b>\$ 308,702,661</b>	<b>\$ 293,275,266</b>

Note: 2014 Unrestricted balance was restated to conform with the requirements of GASB 68 Reporting.

Source: ACFR Schedule A-1.

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*  
*Unaudited*

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 13,957,179	\$ 13,451,525	\$ 12,799,567	\$ 13,713,289	\$ 14,755,510	\$ 16,723,305	\$ 15,476,781	\$ 18,376,559	\$ 19,800,515	\$ 19,621,221
Special Education	2,877,889	2,681,324	2,618,937	2,675,972	3,015,816	8,282,035	2,800,419	3,221,957	3,025,175	2,739,111
Other Special Instruction	7,060,389	7,377,114	7,499,237	7,531,171	8,764,700	6,111,597	8,160,805	8,746,522	9,134,616	8,919,599
Vocational	1,756,917	2,164,361	1,873,745	1,705,799	2,420,410	721,462	886,685	1,822,963	2,045,465	1,283,245
Other Instruction							1,923,457	1,163,557	1,420,288	2,181,215
Support Services:										
Student and Instruction Related Services	5,224,742	5,786,739	6,084,372	6,439,208	6,926,244	7,652,876	6,455,545	7,911,628	8,321,284	7,721,757
General Administration	1,976,943	2,208,810	1,982,522	1,879,219	2,232,922	2,475,141	2,486,371	2,313,876	2,554,308	2,835,722
School Administrative Services	2,139,367	2,146,850	2,292,625	2,360,670	3,105,243	3,460,202	2,142,192	2,334,353	2,286,834	3,186,552
Central Administrative Services	849,941	990,483	1,060,492	1,109,820	1,220,522	1,290,635	1,235,982	1,441,003	1,584,186	1,784,940
Administration of Information Technology	1,434,876	1,314,877	1,393,595	1,198,508	1,628,708	1,813,241	1,491,730	1,422,408	1,649,466	1,769,012
Plant Operations and Maintenance	4,708,871	4,732,886	4,768,993	4,699,959	4,579,653	5,544,322	4,589,065	5,135,349	5,985,262	6,408,432
Care and Upkeep of Grounds							273,200	290,068	334,901	374,782
Security	1,315,077	1,281,293	1,426,939	1,454,394	1,382,196	2,222,493	1,770,545	1,993,815	2,086,397	2,327,995
Pupil Transportation	494,323	400,650	535,429	567,433	809,933	804,059	521,432	383,369	559,401	1,084,880
Interest on Long-Term Debt									141,989	
Special Schools	375,229	485,322	352,811	505,171	398,737	551,437	287,367	183,513	9,180	256,522
Unallocated Amortization - Leases				1,095,278	1,157,295	3,933,017	3,933,017	4,440,002	4,971,005	64,718
Unallocated Depreciation	44,171,743	45,022,233	45,772,960	47,225,891	52,397,889	61,585,821	54,414,593	61,180,942	65,980,488	4,971,005
Total Governmental Activities Expenses										
	1,406,973	1,333,878	1,299,180	1,420,209	1,482,205	1,542,914		519,362	1,533,493	1,801,165
	1,406,973	1,333,878	1,299,180	1,420,209	1,482,205	1,542,914	-	519,362	1,533,493	1,801,165
Business-Type Activities:										
Food Service	45,578,716	46,356,111	47,072,140	48,646,101	53,880,093	63,128,736	54,414,593	61,700,304	67,513,981	69,331,873
Total District Expenses										
	6,605,741	7,040,226	7,336,886	8,941,280	12,723,418	12,106,188	11,599,187	16,604,795	20,078,438	17,927,330
	6,605,741	7,040,226	7,336,886	8,941,280	12,723,418	12,106,188	11,599,187	16,689,930	20,245,516	17,927,330
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 6,605,741	\$ 7,040,226	\$ 7,336,886	\$ 8,941,280	\$ 12,723,418	\$ 12,106,188	\$ -	\$ 85,135	\$ 167,078	\$ -
Operating Grants and Contributions										
Total Governmental Activities Program Revenues										
Business-Type Activities:										
Charges for Services:										
Food Service	219,162	231,431	264,438	280,215	369,987	407,621	278,709	6,548	420,267	379,509
Operating Grants and Contributions	1,067,968	1,117,615	1,252,350	1,261,824	1,245,918	1,149,025	1,149,025			1,440,236
Total Business-Type Activities Program Revenues	1,287,130	1,349,046	1,516,788	1,542,039	1,615,904	1,556,646	278,709	6,548	420,267	1,819,744
Total District Program Revenues	\$ 7,892,871	\$ 8,389,271	\$ 8,853,675	\$ 10,483,319	\$ 14,339,323	\$ 13,662,834	\$ 11,877,896	\$ 16,696,478	\$ 20,665,783	\$ 19,747,075
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (37,566,002)	\$ (37,982,007)	\$ (38,436,074)	\$ (38,284,612)	\$ (39,674,471)	\$ (49,479,633)	\$ (42,815,406)	\$ (44,491,012)	\$ (45,734,972)	\$ (49,603,378)
Business-Type Activities	(119,843)	15,168	217,608	121,830	133,700	13,732	278,709	(512,814)	(1,113,226)	18,580
Total District-Wide Net Expense	\$ (37,685,845)	\$ (37,966,839)	\$ (38,218,466)	\$ (38,162,782)	\$ (39,540,771)	\$ (49,465,902)	\$ (42,536,697)	\$ (45,003,826)	\$ (46,848,198)	\$ (49,584,798)

ESSEX COUNTY VOCATIONAL SCHOOLS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 4,450,000	\$ 4,450,000	\$ 4,450,000	\$ 4,450,000	\$ 4,450,000	\$ 5,450,000	\$ 5,450,000	\$ 5,450,000	\$ 5,450,000	\$ 5,450,000
Grants and Contributions	20,764,682	20,545,050	20,903,906	20,179,987	21,486,156	25,579,865	23,161,264	23,801,169	27,143,640	29,469,085
Tuition Received	13,625,524	13,952,003	13,870,912	13,560,954	14,255,583	14,659,928	15,105,202	14,870,313	13,398,796	12,689,664
Investment Earnings							66,442	2,419		
Miscellaneous Income	140,633	56,865,650	143,477,467	1,140,820	989,504	7,624,530	1,085,940	974,151	397,565	1,548,653
Transfers	(100,000)					800,621				(15,000,000)
Total Governmental Activities	38,880,840	95,812,703	182,702,286	39,331,762	41,181,244	54,114,944	44,868,848	45,098,052	46,390,001	34,157,402
Business-Type Activities:										
Adjustments	100,000					(572)			3,262	
Transfers	100,000					(572)		60,000,000	(250,660)	
Total Business-Type Activities								60,000,000	(247,398)	
Total District-Wide	\$ 38,980,840	\$ 95,812,703	\$ 182,702,286	\$ 39,331,762	\$ 41,181,244	\$ 54,114,372	\$ 44,868,848	\$ 105,098,052	\$ 46,142,603	\$ 34,157,402
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,414,838	\$ 57,830,696	\$ 144,266,212	\$ 1,047,150	\$ 1,506,773	\$ 4,635,310	\$ 2,053,442	\$ 607,040	\$ 655,029	\$ (15,445,976)
Business-Type Activities	(19,843)	15,168	217,608	121,830	133,700	13,160	278,709	59,487,186	(1,360,624)	18,580
Total District	\$ 1,394,995	\$ 57,845,864	\$ 144,483,820	\$ 1,168,980	\$ 1,640,473	\$ 4,648,470	\$ 2,332,151	\$ 60,094,226	\$ (705,595)	\$ (15,427,396)

Source: ACFR Schedule A-2.

ESSEX COUNTY VOCATIONAL SCHOOLS  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)  
(Unaudited)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Reserved	\$ 4,035,575	\$ 7,149,835	\$ 9,549,501	\$ 11,816,376	\$ 14,332,411	\$ 22,535,128	\$ 22,717,827	\$ 26,674,811	\$ 29,224,344	\$ 19,865,505
Unreserved	214,389	101,934	159,067	181,394	180,722	262,027	37,517	86,368	(117,549)	498,978
Total General Fund	<u>\$ 4,249,964</u>	<u>\$ 7,251,769</u>	<u>\$ 9,708,568</u>	<u>\$ 11,997,770</u>	<u>\$ 14,513,133</u>	<u>\$ 22,797,155</u>	<u>\$ 22,755,344</u>	<u>\$ 26,761,179</u>	<u>\$ 29,106,795</u>	<u>\$ 20,364,483</u>
All Other Governmental Funds:										
Reserved	\$ 673,815	\$ 11,342,630	\$ 82,541,228	\$ 48,878,861	\$ 41,240,119	\$ 8,974,145	\$ 13,895,780	\$ 66,062,166	\$ 38,611,565	\$ 7,961,913
Unreserved, Reported in:										
Capital Projects Fund	11,649,362	17,538,974	54,571,133	28,093,303	1,533,547	30,704,825				
Total All Other Governmental Funds	<u>\$ 12,323,177</u>	<u>\$ 28,881,604</u>	<u>\$ 137,112,361</u>	<u>\$ 76,972,164</u>	<u>\$ 42,773,666</u>	<u>\$ 39,678,970</u>	<u>\$ 13,895,780</u>	<u>\$ 66,062,166</u>	<u>\$ 38,611,565</u>	<u>\$ 7,961,913</u>

Source: ACFR Schedule B-1.



**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*  
*(Unaudited)*

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Tax Levy	\$ 4,450,000	\$ 4,450,000	\$ 4,450,000	\$ 4,450,000	\$ 4,450,000	\$ 5,450,000	\$ 5,450,000	\$ 5,450,000	\$ 5,450,000	\$ 5,450,000
Tuition Charges	13,835,915	13,952,003	13,870,912	13,560,954	14,255,583	14,659,928	15,105,202	14,870,313	13,398,796	12,689,664
Interest Earnings	89,687	736,392	464,915	28,341	909,452	7,546,261	66,442	734,341	192,127	797,014
Restricted Miscellaneous	3,449,962	56,102,448	143,012,553	1,112,479	80,052		1,083,470	239,811	205,438	555,733
Refunds	3,930	26,810	11,504	15,402	25,660	78,270	123,195	192,228	319,039	306,860
Private Sources	23,910,103	24,430,674	25,177,259	25,794,263	26,713,209	28,355,057	29,525,441	32,288,133	36,599,947	39,277,407
State Sources	3,438,885	3,154,602	3,052,030	3,311,602	3,103,064	3,337,812	3,753,572	3,884,589	6,214,094	6,234,012
Federal Sources	49,178,482	102,852,929	190,039,172	48,273,042	49,537,021	59,427,326	55,109,792	57,641,834	62,379,441	65,310,691
<b>Total Revenue</b>										
<b>Expenditures</b>										
Instruction:										
Regular Instruction	9,626,455	9,171,456	9,478,857	9,716,966	9,453,191	9,935,941	10,224,073	11,435,918	12,319,013	12,693,574
Special Education Instruction	1,849,829	1,717,840	1,654,782	1,673,348	1,619,473	1,631,373	1,724,410	1,772,294	1,712,412	1,656,169
Other Special Instruction	4,871,366	5,179,471	5,324,307	5,307,780	5,253,925	5,329,535	5,151,543	4,916,738	743,743	775,266
Vocational Education	1,556,858	1,751,154	1,396,817	1,260,247	1,583,579	1,858,179	1,327,884	1,163,557	5,389,361	5,669,209
Other Instruction									1,420,288	1,533,651
Instruction:										
Student and Instruction Related										
Services	4,375,116	4,265,358	4,395,661	4,586,818	4,351,258	4,558,721	4,271,359	4,730,088	5,503,978	5,550,464
General Administration	1,838,598	2,208,806	1,754,780	1,580,555	1,830,999	1,981,425	2,106,536	1,994,292	2,219,822	2,606,344
School Administrative Services	1,542,460	1,594,547	1,695,114	1,852,350	1,875,229	2,061,735	1,820,327	1,848,741	1,842,276	2,350,861
Central Services	692,453	741,958	793,367	766,981	787,093	740,239	787,179	890,096	961,947	1,165,403
Administration of Information Technology	1,313,644	1,128,543	1,221,069	1,198,508	1,333,617	1,414,827	1,209,086	1,068,783	1,267,680	1,430,161
Plant Operations and Maintenance	4,520,450	4,466,916	4,526,021	4,409,262	4,318,901	5,199,733	4,589,065	5,385,599	5,986,262	6,263,713
Care and Upkeep of Grounds									334,901	374,782
Security	1,049,738	932,204	1,050,525	975,313	1,081,303	1,840,070	1,476,408	1,623,924	1,753,573	2,073,746
Pupil Transportation	445,245	344,078	476,189	474,431	714,150	679,028	521,432	383,369	559,401	881,002
Employee Benefits	8,802,730	9,540,404	10,261,950	11,483,770	11,923,535	12,955,903	12,783,539	14,641,105	16,261,388	17,244,659
Special Schools	292,078	336,855	239,769	346,547	245,626	317,772	287,367	183,513	141,989	167,280
Capital Outlay	4,242,019	39,913,008	35,082,407	60,491,159	34,848,277	4,534,140	32,297,138	8,637,071	28,815,733	27,266,372
<b>Total Expenditures</b>	47,019,038	83,292,598	79,351,616	106,124,037	81,220,156	55,038,622	81,396,614	61,608,089	87,233,767	89,702,656
Excess (Deficiency) of Revenues Over/(Under) Expenditures	2,159,444	19,560,331	110,687,556	(57,850,995)	(31,683,135)	4,388,705	(26,286,822)	(3,966,255)	(24,854,326)	(24,391,965)
<b>Other Financing Sources (Uses):</b>										
Cancellation of Prior Year Accounts Payable										
Cancellation of Prior Year Accounts Receivable										
Transfers In						13,743	575,183	60,000,000	(247,141)	(15,000,000)
Transfers Out	(100,000)					(76,154)	(113,364)		(3,519)	
Total Other Financing Sources (Uses)						863,032		60,000,000		
						800,621	461,819	60,000,000	(250,660)	(15,000,000)
<b>Net Change in Fund Balances</b>	\$ 2,059,444	\$ 19,560,331	\$ 110,687,556	\$ (57,850,995)	\$ (31,683,135)	\$ 5,189,326	\$ (25,825,003)	\$ 56,033,745	\$ (25,104,966)	\$ (39,391,965)

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*  
*(Unaudited)*

Fiscal Year Ending June 30:	Sale of Capital Assets	LPN Program	LPN Fees	Rentals	E-Rate Reimbursement	Interest	Game Gate Receipts	Adult Tuition	Vending Machine Commission	Miscellaneous	Annual Totals
2014	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2015					586,921	582		38,225		50,880	89,687
2016						658		41,230		148,813	777,623
2017						2,519	376,103	39,612		46,680	464,915
2018					1,018,172	3,271		13,414	1,257	76,365	1,112,479
2019					552,945	16,066		38,600		301,841	909,452
2020	6,016,747				1,189,448	26,045		47,905		165,074	7,445,219
2021					734,341	75,809				164,002	974,152
2022				53,960	189,206	53,942				97,536	394,644
2023				62,859	745,319	91,614		54,905		398,049	1,352,747

Source: District Records

## REVENUE CAPACITY

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

<u>Fiscal Year Ended June 30,</u>	<u>Land</u>	<u>Improvements</u>	<u>Less Exemptions and Abatements</u>	<u>Equipment (a)</u>	<u>Net Taxable Value</u>
2023	\$37,515,170,534	\$52,593,020,916	\$ 60,625,850	\$175,867,189	\$90,223,432,789
2022	36,620,432,634	51,340,955,216	68,561,250	179,480,489	88,072,307,089
2021	35,357,374,679	48,807,906,927	70,217,800	178,848,616	84,273,912,422
2020	35,354,581,479	48,726,275,792	69,280,500	174,502,589	84,186,079,360
2019	35,354,581,479	48,726,275,792	69,280,500	174,502,589	84,186,079,360
2018	34,538,537,853	44,962,679,282	67,537,700	166,748,056	79,600,130,491
2017	34,136,313,773	44,094,262,292	68,037,100	172,100,677	78,334,639,642
2016	31,841,042,523	43,345,247,432	76,630,500	167,151,822	75,276,811,277
2015	31,863,596,223	43,462,768,766	88,338,900	162,417,409	75,400,443,498
2014	31,944,670,234	43,639,761,624	109,187,006	157,288,323	75,632,530,175

**Source: Municipal Tax Assessor:**

Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

**Note:**

Reassessment occurs when the County Board of Taxation requests the Treasury to order a reassessment.

(a) Taxable value of machinery, implements and equipment of telephone, telegraph and messenger system companies.

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
*(Rate per \$100 of Assessed Value)*  
*(Unaudited)*

<u>Fiscal Year Ended June 30,</u>	<u>Total Rate</u>	<u>Vocational School Share</u>
2014	\$5.077	N/A
2015	5.069	N/A
2016	5.069	N/A
2017	5.043	N/A
2018	4.891	N/A
2019	4.720	N/A
2020	4.720	N/A
2021	4.657	N/A
2022	4.454	N/A
2023	4.141	N/A

Source: County Records

**ESSEX COUNTY VOCATIONAL SCHOOLS  
MUNICIPALITIES WITHIN ESSEX COUNTY  
VARIOUS ECONOMIC AND DEMOGRAPHIC DATA  
(Unaudited)**

	2023			2023	2023	2023
	Net	2023	2023	2023	2023	2023
	Assessed Value	Tax Levy	County Portion	Estimated Population*		
Belleville Township	\$ 3,106,413,400	\$ 121,561,217	\$ 15,775,147	38,334		
Bloomfield Township	5,322,238,200	173,881,240	25,803,334	52,829		
Caldwell Township	1,050,029,100	32,568,787	5,551,060	9,267		
Cedar Grove Township	2,258,487,200	57,134,304	11,190,043	13,430		
East Orange City	4,757,119,600	150,702,569	20,362,715	68,903		
Essex Fells Borough	754,034,900	16,347,291	3,374,060	2,270		
Fairfield Township	3,202,627,100	65,738,706	15,749,941	7,818		
Glen Ridge Borough	1,720,115,800	58,026,962	9,391,908	7,858		
Ivington Township	1,894,845,000	115,062,599	12,603,085	60,403		
Livingston Township	8,642,599,600	204,949,827	39,233,842	31,087		
Maplewood Township	3,909,258,589	141,337,221	20,801,107	25,373		
Millburn Township	9,875,653,000	193,131,061	44,808,276	22,059		
Montclair Township	7,156,605,800	241,882,062	40,908,730	40,935		
Newark City	12,716,672,300	474,008,824	64,767,275	318,431		
North Caldwell Borough	1,904,799,900	42,201,323	9,007,272	6,796		
Nutley Township	4,968,025,300	127,976,261	19,436,909	29,786		
City of Orange Township	2,266,551,600	84,466,236	8,587,144	34,002		
Roseland Borough	1,654,140,700	38,286,187	7,771,945	6,395		
South Orange Village Township	2,837,369,200	103,182,459	15,246,844	18,153		
Verona Township	2,395,699,200	73,347,597	12,453,000	13,357		
West Caldwell Township	2,347,881,900	63,404,591	11,800,955	10,876		
West Orange Township	5,482,265,400	252,049,407	29,046,834	48,257		
Total	<u>\$ 90,223,432,789</u>	<u>\$ 2,831,246,729</u>	<u>\$ 443,671,426</u>	<u>866,619</u>		

Source: County Tax Assessor

\*Division of Local Government Services - Department of Community Affairs

**ESSEX COUNTY VOCATIONAL SCHOOLS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

**J-9**

<u>Fiscal Year Ended June 30,</u>	<u>Total Essex County Tax Levy</u>	<u>School Estimate Amount for the Fiscal Year</u>	<u>Percentage of Essex County Levy</u>
2014	\$ 405,146,000	\$ 4,450,000	1.0984%
2015	415,244,919	4,450,000	1.0717%
2016	421,101,000	4,450,000	1.0568%
2017	420,196,912	4,450,000	1.0590%
2018	430,625,000	5,450,000	1.2656%
2019	432,775,000	5,450,000	1.2593%
2020	434,940,005	5,450,000	1.2530%
2021	437,114,700	5,450,000	1.2468%
2022	437,114,700	5,450,000	1.2468%
2023	443,671,426	5,450,000	1.2284%

The County of Essex funds the Vocational School. The amount of each years' funding is set by the County Board of School Estimate. The amount set by the Board of School Estimate is then appropriated in the County of Essex yearly budget.

## DEBT CAPACITY



**ESSEX COUNTY VOCATIONAL SCHOOLS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Not applicable, the Vocational School does not issue any type of debt instruments.

**ESSEX COUNTY VOCATIONAL SCHOOLS  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

Not applicable, the Vocational School does not issue any type of debt instruments.

**ESSEX COUNTY VOCATIONAL SCHOOLS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2018  
(Unaudited)**

Not applicable, the Vocational School does not issue any type of debt instruments.

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

Not applicable, the Vocational School does not issue any type of debt instruments.

## DEMOGRAPHIC AND ECONOMIC INFORMATION

**ESSEX COUNTY VOCATIONAL SCHOOLS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Year</u>	<sup>a</sup> <u>Population</u>	<sup>b</sup> <u>Personal Income</u>	<sup>c</sup> <u>Per Capita Personal Income</u>	<sup>d</sup> <u>Unemployment Rate</u>
2009	769,644	\$ 37,636,361,244	\$ 48,901	10.50%
2010	784,099	39,825,172,309	50,791	10.20%
2011	785,137	41,577,714,972	52,956	10.80%
2012	787,744	43,315,679,328	54,897	9.50%
2013	786,337	42,938,718,222	54,606	7.90%
2014	793,443	41,626,400,109	52,463	N/A
2015	795,039	46,365,879,441	58,319	6.70%
2016	796,914	47,838,747,420	60,030	6.00%
2017	808,285	49,214,048,795	60,887	5.70%
2018	799,767	53,951,482,053	67,459	5.20%
2019	798,975	47,380,815,450	59,302	4.50%
2020	800,501	50,726,147,368	63,368	9.90%
2021	854,917	52,585,944,670	61,510	6.10%
2022	863,728	58,583,215,328	67,826	3.80%
2023	849,477	62,678,660,445	73,785	6.00%

**Source:**

- (a) Population information provided by the New Jersey Department 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 2000 Census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the New Jersey Department of Labor and Workforce Development.

N/A - Not Available

**ESSEX COUNTY VOCATIONAL SCHOOLS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

<u>Employer</u>	<u>2023</u>		<u>2013</u>	
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Employees</u>	<u>Rank (Optional)</u>
Prudential Insurance Company of America	49,705	1	*	*
St. Barnabas Health Care System	24,600	2		
Rutgers University - Newark Campus	23,980	3		
Verizon	15,000	4		
Public Service Electric & Gas	12,945	5		
New Jersey Transit	11,500	6		
City of Newark	10,001	7		
Montclair State University	7,900	8		
Newark Board of Education	7,050	9		
Gateway Group One	6,250	10		
Automatic Data Processing	5,649	11		

Source: School District

\*Information not available at time of audit.

## **OPERATING INFORMATION**



**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST NINE FISCAL YEARS**  
*(Unaudited)*

	Fiscal Year Ending June 30,									
	<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>	<u>2023</u>
<b><u>Function/Program</u></b>										
Instruction:										
Regular	106	111	111	107	114	104	101	116	116	118
Other Special Education	26	26	20	19	20	58	60	64	64	64
Vocational	59	58	57	56	55	21	34	27	27	25
Other Instruction	15	15	18	15	14	14	14	10	10	11
Support Services:										
Student and Instruction Related Services	35	34	35	34	36	35	36	23	23	27
General Administration	12	12	13	12	13	13	7	18	18	17
School Administrative Services	19	20	18	18	19	19	19	16	16	16
Other Administrative Services	15	14	17	18	19	19	13	15	15	16
Administrative Information Technology						4	4	5	5	6
Plant Operations and Maintenance	23	22	24	24	24	21	14	9	9	7
Pupil Transportation	4	4	4	4	4	4	4	4	4	4
Total	314	316	317	307	318	312	306	307	307	311

\*Information not provided by the District.

Source: District Personnel Records

**ESSEX COUNTY VOCATIONAL SCHOOLS  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year	Enrollment	<sup>a</sup> Operating Expenditures	Cost Per Pupil	Percentage Change	<sup>b</sup> Teaching Staff	<sup>c</sup> Average Daily Enrollment (ADE)	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	2,121	\$ 37,093,798	\$ 17,489	-2.16%	167	2,136.0	-0.08%	91.71%
2009	2,095	40,393,356	19,281	10.25%	167	1,936.6	-9.34%	N/A
2010	2,050	35,182,748	17,162	-10.99%	167	1,889.8	-2.42%	N/A
2011	2,286	35,217,316	15,406	-10.24%	184	2,022.9	7.04%	N/A
2012	2,306	36,169,594	15,685	1.81%	193	2,107.2	4.17%	N/A
2013	2,226	36,417,461	16,360	4.30%	190	2,146.9	1.88%	N/A
2014	2,241	36,271,279	16,185	-1.07%	191	2,214.9	3.17%	N/A
2015	2,282	36,753,321	16,106	-0.49%	195	2,218.0	0.14%	N/A
2016	2,338	37,001,011	15,826	-1.74%	188	2,157.0	-2.75%	N/A
2017	2,187	37,636,975	17,209	8.74%	182	2,128.4	-1.33%	N/A
2018	2,323	38,137,694	16,417	-4.60%	189	2,238.8	5.19%	N/A
2019	2,360	50,074,014	21,218	29.24%	191	2,290.6	2.31%	N/A
2020	2,391	49,099,475	20,535	-3.22%	191	2,354.7	2.80%	97.13%
2021	2,341	55,644,561	23,770	15.75%	192	2,351.9	-0.12%	97.27%
2022	2,097	58,418,033	27,858	17.20%	192	2,059.4	-12.44%	95.00%
2023	2,075	57,652,114	27,784	-0.26%	193	2,046.9	-0.61%	96.40%

Sources: District Records

**Note:** Enrollment based on annual October District count.

- a. Operating expenditures equal total expenditures less debt service and capital outlay.
- b. Teaching staff includes only full-time equivalents of certified staff.
- c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
Payne Tech										
Square Feet						320,000	320,000	320,000	320,000	320,000
Capacity (Students)								1,875	1,875	1,875
Enrollment								1,304	1,195	1,153
<u>Technical Careers Center</u>										
Square Feet	166,622	166,622	166,622	166,622	166,622	163,069	163,069	163,069	163,069	163,069
Capacity (Students)	1,091	1,091	1,091	1,091	1,091	1,091	1,091	1,091	1,091	1,091
Enrollment	739	738	738	693	770			770	591	519
<u>West Caldwell Center</u>										
Square Feet	61,994	61,994	61,994	61,994	61,994	61,994	61,994	61,994	61,994	61,994
Capacity (Students)	405	405	405	405	405	405	405	405	405	405
Enrollment	319	344	344	355	359			333	334	344
Total Square Feet	228,616	228,616	228,616	228,616	228,616	545,063	545,063	545,063	545,063	545,063

Source: District Facilities Office

**ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

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

	*School Facilities Project #'s	North 13th Street	Technical Careers	Bloomfield Center	West Caldwell Center	Payne Tech	Total
2014	N/A	\$ 278,172	\$ 472,509	\$ 317,155	\$ 293,894	\$	\$ 1,361,730
2015	N/A	337,686	422,382	357,547	307,098		1,424,713
2016	N/A	379,964	539,849	259,849	200,858		1,380,521
2017	N/A	258,811	433,602	304,446	258,391		1,255,250
2018	N/A	143,226	198,860	156,655	138,938	261,517	899,196
2019	N/A		266,896		223,043	1,146,262	1,636,201
2020	N/A		190,759		200,478	949,778	1,341,015
2021	N/A		241,011		600,325	951,978	1,793,314
2022	N/A		135,993		669,293	1,338,587	2,143,872
2023	N/A		475,008		731,627	1,102,739	2,309,374
Total School Facilities		<u>\$ 1,397,858</u>	<u>\$ 2,901,860</u>	<u>\$ 1,395,652</u>	<u>\$ 2,892,318</u>	<u>\$ 5,750,861</u>	<u>\$ 15,545,185</u>

\* School Facilities as Defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2023**  
**(Unaudited)**

J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - New Jersey School Boards Insurance Group:		
Property - Blanket Building and Contents	\$ 500,000,000	\$ 5,000
Comprehensive General Liability	16,000,000	
Comprehensive Automobile Liability	16,000,000	
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Business Income/Tuition	5,000,000	5,000
Auto Physical Damage	Actual Cash Value	1,000
Errors and Omissions	15,000,000	10,000
Environmental	1,000,000	250,000/event
Computers and Scheduled Equipment:		
Data Processing Equipment	500,000	1,000
Boiler and Machinery:		
Property Damage	100,000,000	5,000
Crime and Bonds:		
Faithful Performance	250,000	1,000
Forgery and Alteration	50,000	500
Money and Securities	75,000	500
Money Orders/Counterfeit	100,000	1,000
Computer Fraud	100,000	1,000
Board Secretary	300,000	1,000
Treasurer	300,000	1,000
Monumental Life:		
Student Accident	5,000,000	
Disability for all Students	1,000,000	
NJ UEP:		
Excess Limits:		
Each Occurrence	24,000,000	
Aggregate	24,000,000	
Flood:		
Flood Zones (SFHA)	25,000,000	500,000 Per Building 500,000 Per Building Contents
All Other Flood Zones	75,000,000	10,000 Per Occurrence
Earthquake - Aggregates	50,000,000	
Terrorism	1,000,000	
Limited Builders Risk	10,000,000	

Source: District Records

**SINGLE AUDIT SECTION**

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

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable President and Members  
of the Board of Education  
Essex County Vocational Schools District  
County of Essex  
Newark, New Jersey 07102

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Essex County Vocational Schools District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Essex County Vocational Schools District's basic financial statements, and have issued our report thereon dated February 2, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Essex County Vocational Schools 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI  
Licensed Public School Accountant #194

Newark, New Jersey  
February 2, 2024



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

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

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

The Honorable President and Members  
of the Board of Education  
Essex County Vocational Schools District

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

We have audited the Essex County Vocational Schools District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement and New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Essex County Vocational Schools District's major federal and state programs for the year ended June 30, 2023. The Essex County Vocational Schools District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

**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 as prescribed by the *Office of School Finance, Department of Education, State of New Jersey*; 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's 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's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Essex County Vocational Schools 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 Essex County Vocational Schools 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 Essex County Vocational Schools District's federal and state programs.

## Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *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 risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Essex County Vocational Schools 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 Essex County Vocational Schools 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 Essex County Vocational Schools District's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Essex County Vocational Schools District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Essex County Vocational Schools District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**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.

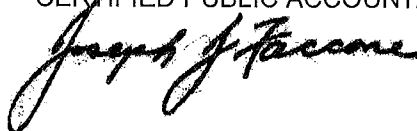
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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



SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI  
Licensed Public School Accountant #194

Newark, New Jersey  
February 2, 2024

[illegible]

The accompanying Notes to the Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	State Grants/Program Title	Grant or State Project Number	Award Amount	Grant Period		Balance June 30, 2022		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Passed-Through Funds	Adjustments	Repayment of Prior Years' Expenses	Balance June 30, 2023		Memo
				From	To	Deferred Revenue Accounts Receivable	Due to Grantee						Intergovernmental Accounts Receivable	Deferred Inflows/ Interfund Payable	
State Department of Education:															
General Fund:															
Categorical Special Education Aid	22-495-034-425-089		\$ (1,659,351.00)	7/01/2022	6/30/2023	\$	\$	\$ 1,659,351.00	\$ (1,659,351.00)	\$	\$	\$	\$	\$	\$ (1,659,351.00)
Equization Aid	22-495-034-5120-078		(23,905,131.00)	7/01/2022	6/30/2023			23,905,131.00	(23,905,131.00)						(23,905,131.00)
Security Aid	22-495-034-5120-084		(1,832,989.00)	7/01/2022	6/30/2023			6,549,721.00	(1,832,989.00)						(1,832,989.00)
On-Behalf TPAF Pension Contributions	22-495-034-5095-002		(6,549,721.00)	7/01/2022	6/30/2023			1,720,566.00	(6,549,721.00)						(6,549,721.00)
On-Behalf TPAF Post Retirement Medical Contr.	22-495-034-5095-001		(1,720,566.00)	7/01/2022	6/30/2023			2,544.00	(1,720,566.00)						(1,720,566.00)
On-Behalf TPAF Long-Term Disability	22-495-034-5094-004		(2,544.00)	7/01/2022	6/30/2023			1,325,203.73	(2,544.00)						(2,544.00)
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003		(1,404,731.32)	7/01/2022	6/30/2023			69,807.10	(1,404,731.32)						(1,404,731.32)
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003			7/01/2021	6/30/2022			39,277,358.83	(39,277,358.83)						(39,277,358.83)
Total General Fund															
Special Revenue Fund:															
New Jersey School Development Authority:															
School Construction Grant	N/A		1,239,226.00	7/01/2010	6/30/2011		(314,235.26)			314,235.26					
Card D. Perkins:															
Carl Perkins	N/A		86,390.00	7/01/2021	6/30/2022		(1,033.57)		1,034.00						
Carl Perkins Post Secondary	335		86,372.00	7/01/2022	6/30/2023		-		86,372.00						(86,372.00)
Climate Change Awareness	339		87,374.00	7/01/2022	6/30/2023				87,374.00						(87,374.00)
Adult State Education	471		6,600.00	7/01/2022	6/30/2023										(6,600.00)
New Jersey Department of Agriculture:	N/A		15,000.00	7/01/2022	6/30/2023										(15,000.00)
USDA School Breakfast	614		3,416.81	7/01/2014	6/30/2015		1,050.00								
SDA Contribution			66,258.00	7/01/2022	6/30/2023		(5,000.00)								
Non-Instructional Grant			5,000.00	7/01/2021	6/30/2022		(154,000.00)		154,776.00						
Non-Instructional - Albany's Law			154,000.00	7/01/2019	6/30/2020				313,459.83						
Total Special Revenue Fund															
U.S. Department of Agriculture Passed-Through															
State Department of Agriculture:															
Enterprise Fund:															
Enterprise Fund - Program															
National Lunch Program	22-100-010-3850-023		46,681.27	7/01/2022	6/30/2023			37,589.48		(46,681.27)					(46,681.27)
National Lunch Program	22-100-010-3850-023		25,522.88	7/01/2021	6/30/2022			1,926.96		(46,681.27)					
Total Enterprise Fund															
Total State Financial Assistance															
On-Behalf TPAF Contributions not Subject to OMB 15-08	22-495-034-5095-002														
On-Behalf TPAF Pension Contributions	22-495-034-5095-001														
On-Behalf TPAF (Post Retirement Medical) Contributions	22-495-034-5094-004														
On-Behalf TPAF Long-Term Disability															
Total - Major Program Determination for State Financial Assistance															

The accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule

**ESSEX COUNTY VOCATIONAL SCHOOLS**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE**

**JUNE 30, 2023**

**1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Essex County Vocational Schools. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed-through other government agencies is included on the Schedules of Federal Awards and State Financial Assistance.

**2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is 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 in or used in the preparation of basic financial statements.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

## ESSEX COUNTY VOCATIONAL SCHOOLS

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCEJUNE 30, 2023  
(Continued)**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(552,850.69) for the general fund. \$(364,194.00) See Exhibit "C-3" (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 46,861.21	\$ 36,425,053.18	\$ 36,471,914.39
Special Revenue Fund	6,167,232.70	174,893.57	6,342,126.27
Food Service Fund	<u>1,415,220.94</u>	<u>25,522.98</u>	<u>1,440,743.92</u>
Total Awards and Financial Assistance	<u>\$ 7,629,314.85</u>	<u>\$ 36,625,469.73</u>	<u>\$ 44,254,784.58</u>

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**5. FEDERAL AND STATE LOANS OUTSTANDING**

The District had no loans payable outstanding to federal or state entities at June 30, 2022.

**6. OTHER**

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

The amount reported as TPAF Post-Retirement Medical Benefit Contributions and Teacher's Pension Contributions represents the amounts paid directly by the State On-Behalf of the District for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

**ESSEX COUNTY VOCATIONAL SCHOOLS**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**

**JUNE 30, 2022**  
**(Continued)**

**7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-Behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits contributions are not subject to a State single audit. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**8. DE MINIMIS INDIRECT COST RATE**

The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



**ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

***Section I - Summary of Auditor's Results***

**Financial Statements Section**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes √ No

2) Significant deficiency(ies) identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes √ None Reported

Noncompliance material to general-purpose financial statements noted?

\_\_\_\_\_ Yes √ No

**Federal Awards Section**

Internal control over major programs:

1) Material weakness(es) identified?

\_\_\_\_\_ Yes √ No

2) Significant deficiency(ies) identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes √ None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?

\_\_\_\_\_ Yes √ No

Identification of major programs:

**CFDA Number(s)**

**FAIN Number**

**Name of Federal Program or Cluster**

10.553, 10.555

84.010

84.048A

84.425

S010A210030

V048A190030

S425U210027

Child Nutrition Cluster

Title I - Grant to Local Education Agencies

Carl D. Perkins - Vocational Education

CRRSA Act ESSER II

Dollar threshold used to distinguish between Type A and Type B Programs:

\$750,000.00

Auditee qualified as low-risk auditee?

√ Yes \_\_\_\_\_ No

**ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)**

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

**State Awards Section**

Type of auditor's report issued on compliance for  
major programs:

Unmodified

Internal control over major programs:

- |   |       |     |              |               |
|---|-------|-----|--------------|---------------|
| 1) Material weakness(es) identified?  | _____ | Yes | <u>  √  </u> | No            |
| 2) Significant deficiency(ies) identified that are<br>not considered to be material weaknesses? | _____ | Yes | <u>  √  </u> | None Reported |

Any audit findings disclosed that are required to be  
reported in accordance with NJOMB Circular Letters  
15-08 and 04-04?

\_\_\_\_\_ Yes   √   No

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

23-495-034-5120-089	Categorical Special Education
23-495-034-5120-078	Equalization Aid
23-495-034-5094-003	TPAF Social Security
23-495-034-5120-084	Security Aid

Dollar threshold used to distinguish between  
Type A and Type B Programs:

\$750,000.00

Auditee qualified as low-risk auditee?

  √   Yes \_\_\_\_\_ No

**Section II - Financial Statement Findings**

NONE

**ESSEX COUNTY VOCATIONAL SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)**

**Section III:**

**a) Federal Award Findings and Questioned Costs:**

NONE

**b) State Award Findings and Questioned Costs:**

NONE

**ESSEX COUNTY VOCATIONAL SCHOOLS  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2022**

**THERE WERE NO PRIOR YEAR AUDIT FINDINGS**

