

MIDDLESEX COUNTY VOCATIONAL AND TECHNICAL HIGH SCHOOLS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023



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

Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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

Prepared by

Business Office

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	7
Roster of Officials	8
Independent Auditors and Advisors	9
 FINANCIAL SECTION	
Independent Auditors' Report	10
Required Supplementary Information – Part I	
Management's Discussion and Analysis	14
Basic Financial Statements	
Government-wide Financial Statements:	
A-1 Statement of Net Position	28
A-2 Statement of Activities	29
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	30
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	31
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Proprietary Fund:	
B-4 Statement of Net Position	33
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	34
B-6 Statement of Cash Flows	35
Notes to the Basic Financial Statements	36-76

Table of Contents (continued)

	<u>Page</u>
FINANCIAL SECTION (continued)	
Required Supplementary Information and Note to the RSI– Part II	
Schedules and Note Related to Accounting and Reporting for Pensions (GASB 68):	
Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees’ Retirement System (PERS)	77
Schedule of District Contributions – Public Employees’ Retirement System (PERS)	78
Schedule of State’s Proportionate Share of the Net Pension Liability Associated with the District – Teacher’s Pension and Annuity Fund (TPAF)	79
Schedule Related to Accounting and Reporting for OPEB (GASB 75):	
Schedule of State’s Proportionate Share of the OPEB Liability Associated with the District State Health Local Education Retired Employees Plan	80
Notes to Required Supplementary Information	81
Required Supplementary Information – Part III	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund (Budgetary -Basis)	82
C-2 Budgetary Comparison Schedule – Special Revenue Fund (Budgetary - Basis)	87
C-3 Note to the Required Supplementary Information – Budget to GAAP Reconciliation	88
Supplementary Information	
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – (a-b) (Budgetary - Basis)	89
Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures – (Budgetary - Basis)	92
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – (Budgetary – Basis)	93
F-2 Schedules of Project Revenues, Expenditures, Project Balance and Project (a -j) Status – (Budgetary – Basis)	94

Table of Contents (continued)

	<u>Page</u>
SUPPLEMENTARY INFORMATION (continued)	
Long-Term Debt:	
I-2 Schedule of Financed Purchases Payable	104
STATISTICAL SECTION (Unaudited) – Other Information	
Financial Trends:	
J-1 Net Position by Component	105
J-2 Changes in Net Position	106
J-3 Fund Balances – Governmental Funds	107
J-4 Changes in Fund Balances – Governmental Funds	108
J-5 General Fund – Other Local Revenue by Source	109
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	110
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	111
J-17 Operating Statistics	112
J-18 School Building Information	113
J-19 Schedule of Required Maintenance for School Facilities	114
J-20 Insurance Schedule	115
SINGLE AUDIT SECTION	
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	116
K-2 Report on Compliance For Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB 15-08	118
K-3 Schedule A – Schedule of Expenditures of Federal Awards- Supplementary Information	121
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance- Supplementary Information	122
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	123
K-6 Schedule of Findings and Questioned Costs	126
K-7 Summary Schedule of Prior Year Audit Findings	N/A

Introductory Section

Administrative Offices

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

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

Keith Jones II, President

Jorge E. Diaz, Superintendent

December 4, 2023

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

Dear Board Members and Constituents:

The *annual comprehensive financial report* of the Middlesex County Vocational and Technical Schools for the fiscal year ended June 30, 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 Middlesex County Vocational and Technical Schools Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

(1) *Reporting Entity and Its Services.*

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

Campuses located at:

Edison East Brunswick Perth Amboy Piscataway Woodbridge



The District provides a *full range of educational services* appropriate to grade levels 9 through 12 and post secondary. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2022-23 fiscal year with an enrollment of 2,563 students. The District reported 484 students graduated in 2022. The graduation rate was 97.8%

(2) Economic Condition and Outlook.

Middlesex County, located in the heart of Central New Jersey, has always thrived by virtue of its prime location as a corridor county. The County covers 3,092 square miles and is the 12th largest county in New Jersey. As economic conditions nationally and throughout the state have been erratic and unpredictable, it is our belief that Middlesex County will be in a good position to move forward given all of its industry resources.

Within its roots in manufacturing Middlesex has slowly “diversified” over time. Industries such as health care, education, professional services, and retail trade hold a higher stake in the local economy. From 2017 to 2022, jobs increased by 1.1% in Middlesex County, from 455,307 to 460,171.

In 2020, Middlesex County developed and initiated Destination 2040, a strategic action plan shaping how the County will grow and evolve. The plan envisions the County’s role of fostering emergent opportunities across a variety of fields—education, healthcare, technology, private businesses—serving and connecting residents with the tools needed to lead healthy, prosperous lives.

Destination 2040 contains five distinct chapters, including one devoted to Economic and Workforce Competitiveness. The chapter explores ways to increase economic opportunities for County residents and businesses, expand access to high quality jobs, continue to provide the highest quality education to students, support the agricultural sector and other targeted sectors, and enliven communities with arts and cultural experiences.

In 2021, the Census Bureau estimated the county's population at 858,770. According to the most recent information available (2021), Middlesex County has a median household income of \$96,883 and a median property value of \$362,900. As economic conditions improve these statistics will continue to grow.

(3) Major Initiatives.

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

With the support of Middlesex County, Middlesex College, and the State of New Jersey, the district will embark on the construction of a new school building. The Securing our Children Future Bond Act was designed to expand career and technical education opportunities with the help of the program. The district will construct a building for 200 students that will provide new and innovative career and technical programs. Some of the areas of study include information technology, global logistics, energy, plant sciences, and sustainable construction technologies. The building now is in the design stage and we are anticipating a ground breaking in the fall of 2024.

At our existing campuses, the development of new and the upgrade of existing career and technical programs continue to be at the forefront of all the District's initiatives. The combination of research, curriculum development, and capital planning has become the foundation for the introduction of new programs throughout the district. Advanced manufacturing, global logistics, multi-media, music performance and technology, and arts technology continue to be a success with waiting lists for most programs. The District is currently finishing up on the renovation of the East Brunswick auditorium. The renovations include an interior facelift along with updating several operating systems (lighting, rigging, etc.), adding new dressing rooms, staging areas, and a workshop. The conversion to a true theater experience will benefit all of our performing arts programs. Through capital funding and the Carl D. Perkins program funding we also continue to upgrade shop equipment. It is always our objective to train students on current technologies and state of the art equipment. The auditoriums is expected to be completed by the end of 2023.

Our commitment to technology has remained steadfast as we continue to make advances. We continue to seek out and acquired several new administrative software packages raising our efficiency level throughout the District. For our instructional staff, Google classroom provides a management tool to access and work more collectively with the students in a digital format. The platform enables digital learning both inside and outside the classroom. Continuing to add and update computer based projection systems and large screen monitors supported with document cameras and tablets have significantly enhanced our instructional efforts in the classroom. We also continue to expand the chromebook inventory at all of our campuses. The District implemented a one to one student chromebook program. Because of their reasonable cost, the district can be more efficient with regard to getting technology into the hands of the students. The devices provide textbooks, instructional materials, and organizational software for help within the classroom as well as access to instructional programs and resources outside the classroom.

Our Academy model also continues to thrive within the district. Middlesex County Vocational and Technical Schools has been successfully maintaining two Academies over the past decade. Both the Academy for Science, Mathematics, and Engineering and the Academy for Allied Health and Biomedical Sciences have been recognized as National Blue Ribbon Schools and continue to be listed by the US News and World Reports among the best high schools in the Country. This recognition of the academic success of our students along with the hard work of our teachers is a testament to the positive occurrences happening at the Academies on a daily basis. The Academies provide students with a small learning community that will focus on college preparation. Technology labs foster hands-on applied learning, while rigorous and relevant academy courses are integrated into the career majors. The District has implemented a new program where students can take college courses and earn an associate degree by the time the students graduates. Some of the colleges the class of 2023 will be attending are as follows:

• Carnegie Mellon University	• Perdue University
• Cornell University	• Princeton University
• Drexel University	• Rice University
• Duke University	• Rutgers University
• Indiana University	• Seton Hall University
• John Hopkins University	• Temple University
• Monmouth University	• The College of New Jersey
• NYIT	• West Virginia University
• NJIT	• University of Pennsylvania
• Ohio State University	• Yale University

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

(4) Internal Accounting Controls.

Management of the District is responsible for establishing and maintaining an internal control environment designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control environment is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that an adequate internal control environment is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control environment is also subject to periodic evaluation by the District management.

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

(5) Budgetary Controls.

In addition to internal controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount, as amended, for the fiscal year is reflected in the financial section.

An *encumbrance accounting system* is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance at June 30, 2023.

(6) Accounting System and Reports.

The District's accounting records reflect *generally accepted accounting principles*, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. As required by GASB 34, the Annual Comprehensive Financial Report reflects activity for the fiscal year ended June 30, 2023 to include the Basic Financial Statements and Management's Discussion and Analysis. The Basic Financial Statements present information on two separate sets of financial statements. The District-wide statements reflect the District's activities as a whole on the full accrual basis of accounting. The Fund financial statements present the District's activities on an individual fund basis.

(7) Cash Management.

The investment policy of the District is guided in large part by State Statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a

loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

(8) Risk Management (Insurance).

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

Other Information.

(A) Independent Audit

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

(B) Awards and Recognition

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

- The Edison and Woodbridge Academy were ranked in the Top 10 among New Jersey public High Schools and the Top 100 nationwide by the U.S. News and World Report's annual Best High School rankings. This is the 15th consecutive recognition by U.S. News and World Report.
- Middlesex County Vocational and Technical Schools earned a place on the College Boards' 10th Annual Advancement Placement Honor Roll. This was the 10th consecutive year that the School District had received this recognition.
- Three students from Woodbridge Academy were named as National Merit Scholarship Semi-Finalists. Thirty students from Edison Academy, Twenty seven students from Woodbridge Academy, and one student from East Brunswick Campus were named as Commended Students for the 2023 National Merit Scholarship Program.
- Out of more than 2,500 submissions from 50 states and 40-plus countries, eight Digital Film students from the East Brunswick Campus had the honor of being Official Selections at the All American High School Film Festival 2022 at the AMC Empire 25 in New York City, as well as at the Teen Indie Awards at the historic Kings Theatre in Brooklyn.
- The Edison Academy Interact Club participated in the Making Strides Against Breast Cancer Walk at Middlesex College. Staff and students walked to support the American Cancer Society, specifically their fundraising efforts to support breast cancer survivors and those diagnosed with breast cancer. Participants donated towards further research to fight the causes, diagnosis and prevention of breast cancer.

- A Perth Amboy Campus student was selected to attend the National Youth Leadership Forum: Engineering, which will be held in the summer of 2023 at the college campuses of top-ranked engineering schools: Georgia Institute of Technology and the University of California, Berkley.
- A Perth Amboy Campus senior student was accepted into the Culinary Arts program at Johnson and Wales University. The student had received scholarships and grants in the amount of \$25,445.
- The Edison Academy Magnet School Ad Lunam Team won the NASA App Development Challenge and traveled to the Johnson Space Center in Houston, Texas over their spring break. The students toured the NASA facilities and presented their project to NASA leadership. The students were also recognized by the Middlesex County Board of County Commissioners.
- Eight District students have received Unsung Hero Awards from the Middlesex County School Boards Association and the Middlesex County Association of School Administrators. The awards recognize students who go above and beyond in their academic, athletic and artistic endeavors without expecting material rewards.
- Various players for various sports were named as GMC Scholar Athletes and received Sportsmanship Awards.
- Numerous special project grants, which total over \$7.4 million, comprise another dimension of the awards and recognition received by the District over the 2022-23 year. This represents a tribute to the administration and staff that work extremely hard to compete for and maintain this level of grant award, year after year.

(9) Acknowledgements.

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

Respectfully submitted,

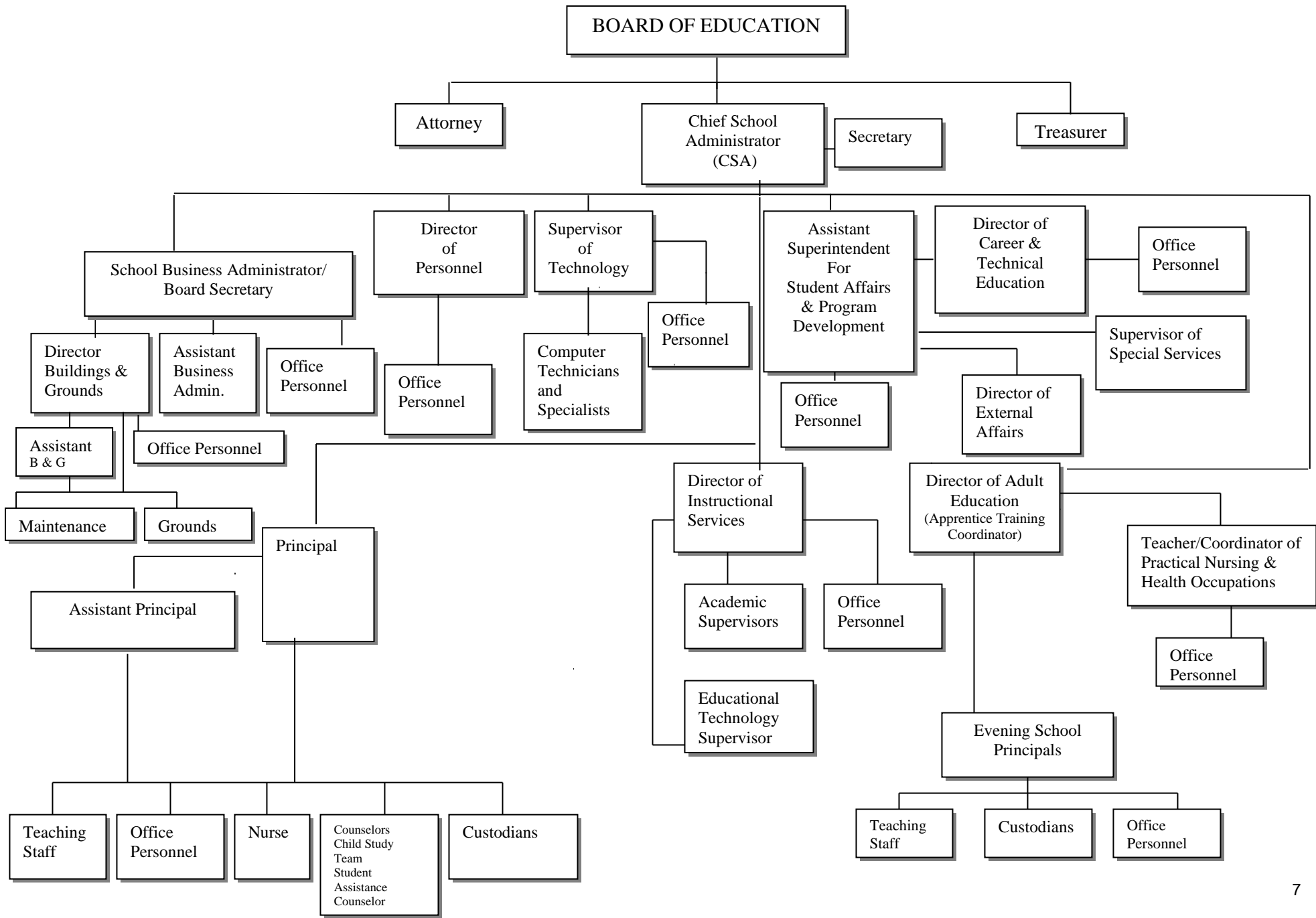


Jorge E. Diaz
Superintendent



Karl J. Knehr, CPA
Board Secretary/Business Administrator

Middlesex County Vocational and Technical High Schools
ORGANIZATIONAL CHART
June 30, 2023



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

Roster of Officials

June 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Keith Jones II, President	2026
Ms. Laura Czarneski, Vice President	2023
Mr. Vittorio Tartara, Board Member	2025
Mr. Kyle Anderson, Acting County Superintendent of Schools	N/A

Other Officials

Mr. Jorge E. Diaz, Superintendent

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

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

Mr. Joseph F. Greco, CPA, Treasurer

Connell Foley LLP, Board Attorney

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

Independent Auditors and Advisors

Independent Auditors

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

Architects

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

Attorney

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

Official Depository

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

Financial Section



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Middlesex County Vocational and Technical High Schools, County of Middlesex, New Jersey (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

Page 2

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Page 3

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, long-term debt schedules, and the schedules of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Page 4

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2023. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 4, 2023

David J. Gannon

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

Required Supplementary Information – Part I

Management's Discussion and Analysis

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

The following represents the Middlesex County Vocational and Technical High Schools’ (the “District”) discussion and analysis for fiscal year ended June 30, 2023. This document is designed to assist the reader in understanding the presentation format of the basic financial statements and provide an overview of the District’s financial activities. The analysis should aid the users in determining the impact of current year operations on the district’s overall financial position. Please use this discussion in conjunction with the transmittal letter to develop a better understanding of how the District’s operations relate to the financial information presented in this report.

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

ANNUAL REPORTING

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

GOVERNMENT-WIDE STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

The fund financial statements (pgs. 30-35) continue where the government-wide financial statements stop. Unlike the government-wide statements, the focus is on the individual funds rather than the broad scope. These statements complement the government-wide statement by providing more detail on the District's operations. Although the majority of these statements reflect a short term view by removing capital assets and non-current liabilities, they provide a closer look at the District's finances by detailing information about the most significant funds. The district maintains three different types of funds: governmental, proprietary, and fiduciary.

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

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

Balance Sheet (pg. 30): The total fund balances for all governmental funds are reconciled with the net position of governmental activities on the statement of net position (government-wide statement pg. 28) by adding in capital assets, net of depreciation and long-term liabilities.

Statement of Revenues, Expenditures and Changes in Fund Balance:
The net change in fund balance from this statement (pg. 31) is reconciled with change in net position of governmental activities from the statement of activities (government-wide statements pg. 28-29) on a separate schedule (pg. 32). To reconcile to full accrual depreciation expense and compensated absences earned are removed from fund balances. Outlays for capital assets and the repayment of long-term debt are added into the change in fund balance.

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

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

Notes to the basic financial statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 36-76 of this report.

Other information: The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 82-104 of this report.

GOVERNMENT WIDE FINANCES

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

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

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

Capital Outlay and Capital Projects: A typical school district will raise taxes and issue long term debt (bond sale) to support its capital outlay and capital projects. The vocational and technical school supports all its capital expenditures by an appropriation from the county's capital budget. All the funds for this budget are raised through a combination of short term and long term financing that result in the sale of county bonds. The key element in this equation is that because the debt is retained by the county, they are solely responsible for the payment of these bonds.

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

The following presents the net position of the governmental activities as of June 30, 2023 and 2022:

Table 1
Net Position
As of
(In Millions)

	June 30, 2023 District Totals	June 30, 2022 District Totals
Current and other assets	\$ 17.5	\$ 14.3
Capital assets	92.0	88.7
Total assets	<u>109.5</u>	<u>103.0</u>
Pension Deferrals	<u>2.0</u>	<u>1.2</u>
Current and other liabilities	3.2	4.7
Long-term liabilities	24.4	21.6
Total liabilities	<u>27.6</u>	<u>26.3</u>
Pension Deferrals	<u>1.9</u>	<u>5.5</u>
Net position		
Net investment in capital assets	79.8	76.1
Restricted	13.0	9.2
Unrestricted	(10.8)	(12.9)
Total net position	<u>\$ 82.0</u>	<u>\$ 72.4</u>

An examination of Table 1 indicates significant increases in assets resulting in an overall increase of \$9.6 million in net position for 2022-23 fiscal year. Capital assets increased with the completion of several new projects. Current and other assets increased as both cash and receivables were up from the previous year. Our final county bond payment was not collected before year end which boosted receivables. Cash increased as the district increased its capital reserves through the receipt of an additional \$5.0 million in other state aid to be used on the Edison construction project. Long term debts from lease purchases agreements continue to be paid down but were offset by an increase in pension liability. Pension deferrals continue to fluctuate as pension liability is calculated by the state's actuaries.

Table 2 offers a closer look at the \$(9.7) million in unrestricted net position:

Table 2
Unrestricted Net Position
As of June 30, 2023
(In Millions)

Unrestricted net position from:

Encumbrances	\$	1.3
Designated in subsequent year		0.1
Unfunded compensated absences		(1.0)
Pension liability		(11.9)
Results from operations		1.9
Total	\$	(9.6)

Encumbrances: Encumbrances are used to record outstanding purchase commitments for the District on a perpetual basis. As ordered items are received and services are rendered throughout the school year, encumbrances are invoiced and eventually paid. Open encumbrances at year end represent the value of outstanding purchase commitments as of June 30, 2023. These amounts are recorded in unrestricted net position and re-appropriated in next year’s budget.

Designated in subsequent year: This value represents the estimated amount of fund balance that was allocated to support the 2023-2024 budget. The annual school budget is prepared and adopted prior to the start of the new fiscal year (July 1, 2023).

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

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

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

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

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

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

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

	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
Revenues:		
Program Revenues:		
Federal and state grants	\$ 3.5	\$ 3.5
General revenues		
Property taxes	26.8	26.8
Federal and state aid, not restricted	24.5	20.9
County capital contribution	3.5	3.5
Other general revenues	<u>1.9</u>	<u>1.7</u>
Total revenues	<u>60.2</u>	<u>56.4</u>
Functions/Program Expenses:		
Instruction		
Regular	10.1	10.0
Other special instruction	0.1	0.1
Vocational	11.4	11.4
Other instruction	0.8	0.9
Support Services		
Student and instruction related services	6.3	6.3
General administrative services	1.9	2.0
School administrative services	3.7	3.8
Plant operations and maintenance	8.7	8.1
Pupil transportation	0.2	0.2
Business and other support services	2.2	2.4
Special Schools	1.4	1.5
Interest Expense	0.3	0.3
Unallocated depreciation	<u>3.5</u>	<u>3.3</u>
Total expenses	<u>50.6</u>	<u>50.3</u>
Increase in Net Position	<u>\$ 9.6</u>	<u>\$ 6.1</u>

Table 3 illustrates that the revenue increase over the prior year far outpaced expenses increasing our net position by \$3.5 over the prior year increase. The district did experience a large increase in state aid boosting revenue by \$3.8. While expenses remained relatively consistent, most fluctuations are related to postemployment medical benefits and pension payments made by State of New Jersey on behalf of the District's current and retired employees. With the state supporting all of the cost associated with these transactions, the post-employment medical and pension benefits have very little effect on the District's financial position.

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

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

	<u>June 30,</u> 2023	<u>June 30,</u> 2022
Program Revenues:		
Charges for services	\$ 298.4	\$ 46.7
Federal and state reimbursement program	<u>726.6</u>	<u>1,051.3</u>
 Total revenue	 <u>1,025.0</u>	 <u>1,098.0</u>
 Functions/Programs:		
Food Services	<u>905.1</u>	<u>912.4</u>
 Total expenses	 <u>905.1</u>	 <u>912.4</u>
 Increase in net position	 <u><u>\$ 119.9</u></u>	 <u><u>\$ 185.6</u></u>

The food service program is run by the Aramark Corporation. Aramark is a food service management company and its relationship with the District has existed for over 30 years. While the District’s management works as an oversight and retains final responsibility, Aramark is responsible for the daily operations. Aramark, like all food service providers across the state have been facing supply chain issues and had to make adjustments with substitutions or use alternate products. Under their supervision, the cafeteria operations has remained efficient over the years even with the obstacles faced in purchasing food products. For the 2023 fiscal year, revenues and expenditures both decreased. During the last two fiscal periods all student regular meals were completely funded by the federal and state reimbursement program through the seamless summer option. Fiscal year 2023 was the first year the school district returned back to normal operations since the health emergency. The switch shifted the burden back to the students that don’t qualify for free and reduced meals through the regular program. Even with the decrease in revenue, the revenues still exceeded expenses resulting in another large increase in net position. The contribution for food service operations remained at \$0 (Table 4) for both the 2023 and 2022 fiscal years.

INDIVIDUAL FUND FINANCES

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

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

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

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

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

(A) The following schedule presents a summary of the general fund, special revenue fund and capital projects fund revenues for the fiscal year ended June 30, 2023 and increases and decreases as compared to the prior year

Revenue	Amount	Percent of Total	Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ 32,237,755	46.77%	\$ 160,174	2.44%
State Sources	32,602,070	47.30%	6,663,946	101.35%
Federal Sources	<u>4,083,160</u>	<u>5.92%</u>	<u>(249,058)</u>	<u>-3.79%</u>
Total:	<u>\$ 68,922,985</u>	<u>100.00%</u>	<u>\$ 6,575,062</u>	<u>12.54%</u>

Local sources saw a small increase related to interest earned on the district bank accounts.

An increase in state aid resulted in a significant increase in the state sources.

A loss of a few non-competitive federal grants caused the decrease in federal sources.

(B) The following schedule presents a summary of general fund, special revenue fund and capital projects fund expenditures for the fiscal year ended June 30, 2023, and the percentages of total increases and decreases as compared to the prior year.

Expenditures	Amount	Percent of Total	Increase	Percent of Increase
Current Expense:				
Instruction	\$ 17,599,636	27.02%	\$ 787,299	4.68%
Undistributed Expenditures	38,694,079	59.41%	1,891,964	5.14%
Capital Outlay	7,705,661	11.83%	1,579,143	25.78%
Special Schools	1,129,160	1.73%	3,200	0.28%
Total:	<u>\$ 65,128,536</u>	<u>100.00%</u>	<u>\$ 4,261,606</u>	<u>7.00%</u>

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

While support expenses fluctuated by department, the overwhelming majority of the increase was tied to health insurance benefits and the increasing cost of facility maintenance.

Capital outlay spending increased during 2022-2023 as more resources from federal funding became available for capital projects specifically geared toward indoor air quality.

Special Schools remained fairly consistent with the prior year.

BUDGET ANALYSIS

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

Revenue:

1. Taxes were collected and received in the amount budgeted.
2. Interest earned was received over budget as interest rates increased during the course of the year.
3. Tuition collections were received over budget. This resulted from an increase in the amount of adult students enrolled in the LPN program.
4. Miscellaneous revenue collection was well over budget. This resulted from an increase in regular adult programs and sale of obsolete equipment.

Expenditures:

Original Budget vs. Final Budget

1. The majority of variances between original and final budget can be explained by prior year encumbrances. Items that were ordered in the prior year and received in this fiscal year are rolled over into the current budget through the transfer line. These items increase the final appropriation and are spent through the current budget.
2. Transfers between regular instructional and vocational instructional salary and supply accounts were necessary as needs changed and developed over the course of the school year.
3. Additional school funds were needed in instructional supplies to purchase Chromebooks for students.
4. Transfers between support salary accounts were made to accommodate changes as they arose.
5. Additional general administration funds were needed to help with expanding needs in the Board of Education offices.
6. Additional technical administration funds were needed to help with the increasing need for technology support throughout the school year.
7. Funds were needed for custodial maintenance to help with refuse removal, equipment repair, and other maintenance repairs and services.
8. Athletic fields needed more support requiring transfers into the grounds area.
9. Fringe benefits costs were less than anticipated for health benefits, workers compensation unemployment compensation, and tuition which allowed transfers to other accounts.

Final Budget vs. Actual

1. The majority of variances between final budget and actual can be explained by encumbrances. These reserves recognize goods and services ordered as of year end but not received. While this amount is shown as reserved on the balance sheet, the encumbrances are not reflected on schedule C-1 (pgs.), the budgetary comparison schedule.
2. Expenditures in various instructional and support salary accounts were less than expected. Current shortages and retirements after the budget is finalized account for the disparity between budget and actual.
3. Expenses with professional services were over anticipated.
4. There was a surplus of funds in the gas and electricity accounts as the energy saving improvements continue to help reduce cost.
5. Security services came in lower than anticipated due to utilizing the county college security at the East Brunswick and Piscataway campuses.
6. A surplus of funds were left in the transportation accounts from utilizing our district bus for more student field trips.
7. Health benefits came in lower than expected with an unanticipated smaller increase in state health benefit plan premium.
8. Tuition reimbursement came in lower than anticipated due to a decrease in the number of classes taken by employees.
9. Instructor expense, supply cost, and other expense for evening school were over anticipated. Certain programs were not operated.

CAPITAL ASSETS AND LONG-TERM DEBT

CAPITAL ASSETS

As of June 30, 2023, capital assets for the district totaled \$92.0 million, net of accumulated depreciation. Capital assets include land, buildings, equipment, and construction in progress as detailed in Table 5.

Table 5
Capital Assets
June 30, 2023
(In Millions)

	Governmental Activities
Land and site improvements	\$ 11.9
Building and building improvements	65.4
Furniture and equipment	3.5
Construction-in-progress	11.2
	<hr/> <hr/> \$ 92.0

The net investment in capital assets increased 4.8% from the prior year. That increase included depreciation expense of \$4.33 million offset by additions recorded in the amount of \$7.61 million and net of related debt of \$12.2 million. The following is the detail of those additions:

	Additions (in millions)
Piscataway Roof Replacement	\$ 0.52
East Brunswick Auditorium Phase I	2.47
East Brunswick Door Access System	0.13
East Brunswick Softball Field	0.20
Perth Amboy Flooring	0.16
Piscataway Machine Shop Upgrade	1.21
Piscataway Roof & HVAC	1.35
Construction in Progress	1.02
Equipment	0.55
	\$ 7.61

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

LONG-TERM DEBT

The majority of the long-term debt on the District's books as of June 30, 2023 is associated with two (2) Financed Purchase Agreements executed both between TD Equipment Finance and the District. The proceeds from each agreement were borrowed to support two (2) separate Energy Savings Improvement Plans (ESIP) spread throughout the District. The original Financed Purchase interest and principal payments are being made over 240 months and commenced on July 15, 2015, payable January and July 15th of each year. The second agreement provides for interest and principal payments to be made over 180 months and commenced on April 1, 2021 and payable April 1st of each year.

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

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

OTHER CONSIDERATIONS

While the District's financial picture has improved over the past few years, some uncertainty exists around our state funding sources. Over the past three to four fiscal years, the District has experienced state aid growth in line with the funding formula legislation that makes an effort to fully fund the formula based on real enrollment and cost. As we near the fully funded model it is uncertain what the state aid may look like beyond the 2024-25 school year and whether or not the state will continue to increase aid after reallocating funding from the over-funded schools is completed. The question that remains is whether the state budget can support future increases as obligations to the state pension systems and retirement health benefits continue to rise. On the local level there is a state imposed cap with regard to the amounts municipal and county governments can increase local tax levies. While the cap doesn't apply to vocational districts directly, it will indirectly continue to limit any additional funding from our county funding source. The

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

An area of concern that continues to be challenging is enrollment. As we have seen the continued interest in our academies, revitalization of existing programs as well as new offerings will be essential to the recruitment process at the larger campuses. While the new rebranding and marketing efforts have increased the awareness of what our schools has to offer, the real challenge will be updating programs and introducing new areas in an environment that demands cutting edge programs. Sustained growth and increased efficiency will be the key to the school's financial viability and overall success.

On a positive note, the County of Middlesex has partnered with the State of New Jersey to come up with a Community, Innovation, and Opportunity (CIO) Strategic Investment Plan to transform and bolster the County as well as our District. This is part of the Middlesex County's Destination 2040 Strategic Plan. Some of the highlights of their plan include: an open-air Multipurpose Community Venue for concerts, cultural events, and multiple sports such as baseball, soccer, or lacrosse, a Workforce Development & Conference Center, a new Community Park featuring an educational children's amenity, a new Student Center which will include campus and community amenities, a new Middlesex County Vocational and Technical School, a Destination Athletic Complex featuring 14 multi-sport synthetic fields; 16 tennis courts and a state-of-the-art recreational cricket field; and much more, an expansion of the existing exterior spaces, activating these areas by adding public art, seating, and water features. The new Middlesex County Vocational and Technical School will be built on the campus of the Middlesex College which already houses our Edison Academy. The school will offer programs like environmental technology and engineering, information communication, and global logistics. Students will have the opportunity to take college level courses and have the ability to graduate with a high school diploma and a two year college degree. Consistent with the principles of Destination 2040, the CIO Strategic Investment will enhance life quality and drive economic development for all of Middlesex County. The District is currently in the planning phase of designing the new school with the architects. The funding of the new school will be coming from our Children's Future Bond Act Grant and local funding from the Middlesex County Board of Commissioners.

FINANCIAL MANAGEMENT CONTACT

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2023.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Position
June 30, 2023**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 13,755,453		\$ 13,755,453
Internal balances	(557,124)	\$ 557,124	
Accounts receivable	4,304,009	40,084	4,344,093
Inventory		7,641	7,641
Capital assets, non-depreciable	18,537,612		18,537,612
Capital assets, depreciable, net	73,461,618	127,487	73,589,105
Total Assets	109,501,568	732,336	110,233,904
DEFERRED OUTFLOW OF RESOURCES			
Pension deferrals	2,064,429		2,064,429
LIABILITIES			
Accounts payable	2,497,441	56,343	2,553,784
Accrued interest payable	108,617		108,617
Other payables	58,116	1,811	59,927
Unearned revenue	130,182	2,169	132,351
Payroll deductions and withholdings payable	477,077		477,077
Net pension liability	11,173,093		11,173,093
Noncurrent liabilities:			
Due within one year	952,406		952,406
Due beyond one year	12,319,241		12,319,241
Total liabilities	27,716,173	60,323	27,776,496
DEFERRED INFLOW OF RESOURCES			
Pension deferrals	1,871,720		1,871,720
NET POSITION			
Net investment in capital assets	79,784,033	127,487	79,911,520
Restricted for:			
Capital projects	2,590,438		2,590,438
Other purposes	10,197,520		10,197,520
Student Activities	171,083		171,083
Scholarships	15,252		15,252
Unrestricted	(10,780,222)	544,526	(10,235,696)
Total net position	\$ 81,978,104	\$ 672,013	\$ 82,650,117

See accompanying notes to the basic financial statements.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 10,051,929		\$ 989,728		\$ (9,062,201)		\$ (9,062,201)
Other special instruction	94,736				(94,736)		(94,736)
Vocational	11,360,296		899,213		(10,461,083)		(10,461,083)
Other instruction	841,665				(841,665)		(841,665)
Support services:							
Student and instruction related services	6,323,882		1,531,483		(4,792,399)		(4,792,399)
General administrative services	1,927,386				(1,927,386)		(1,927,386)
School administrative services	3,709,622				(3,709,622)		(3,709,622)
Plant operations and maintenance	8,724,576			\$ 46,296	(8,678,280)		(8,678,280)
Pupil transportation	246,214				(246,214)		(246,214)
Business and other support services	2,204,982				(2,204,982)		(2,204,982)
Special schools	1,413,329				(1,413,329)		(1,413,329)
Interest expense	269,845				(269,845)		(269,845)
Unallocated depreciation	3,490,075				(3,490,075)		(3,490,075)
Total governmental activities	<u>50,658,537</u>		<u>3,420,424</u>	<u>46,296</u>	<u>(47,191,817)</u>		<u>(47,191,817)</u>
Business-type activities:							
Food Service	905,132	\$ 298,391	726,590			\$ 119,849	119,849
Total business-type activities	<u>905,132</u>	<u>298,391</u>	<u>726,590</u>			<u>119,849</u>	<u>119,849</u>
Total primary government	<u>\$ 51,563,669</u>	<u>\$ 298,391</u>	<u>\$ 4,147,014</u>	<u>\$ 46,296</u>	(47,191,817)	119,849	(47,071,968)
General revenues:							
					26,837,956		26,837,956
Property taxes, levied for general purposes					24,491,792		24,491,792
Federal and State aid not restricted					3,500,000		3,500,000
County capital contribution					547,982		547,982
Tuition					1,510		1,510
Interest Earned					1,350,307	31	1,350,338
Miscellaneous income							
Total general revenues					<u>56,729,547</u>	<u>31</u>	<u>56,729,578</u>
Change in net position					9,537,730	119,880	9,657,610
Net Position—beginning of year					<u>72,440,374</u>	<u>552,133</u>	<u>72,992,507</u>
Net Position—end of year					<u>\$ 81,978,104</u>	<u>\$ 672,013</u>	<u>\$ 82,650,117</u>

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Governmental Funds
Balance Sheet
June 30, 2023**

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 12,948,199	\$ 176,335	\$ 630,919	\$ 13,755,453
Accounts receivable:				
Interfunds receivable	814,624			814,624
Federal		928,895		928,895
State			1,266,456	1,266,456
Other governments	244,183		1,850,000	2,094,183
Other	14,475			14,475
Total assets	<u>\$ 14,021,481</u>	<u>\$ 1,105,230</u>	<u>\$ 3,747,375</u>	<u>\$ 18,874,086</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 954,090	\$ 554,616	\$ 32,873	\$ 1,541,579
Interfunds payable	3,352	244,332	1,124,064	1,371,748
Other payables	58,116			58,116
Unearned revenue	10,235	119,947		130,182
Payroll deductions and withholdings payable	477,077			477,077
Total liabilities	<u>1,502,870</u>	<u>918,895</u>	<u>1,156,937</u>	<u>3,578,702</u>
Fund balances:				
Restricted for:				
Capital reserve account	7,900,100			7,900,100
Capital projects			2,590,438	2,590,438
Excess Surplus - current year	1,035,007			1,035,007
Excess Surplus - prior year	1,262,413			1,262,413
Student Activities		171,083		171,083.00
Scholarships		15,252		15,252
Assigned to:				
Designated for subsequent years expenditures	87,587			87,587
Other Purposes	1,248,005			1,248,005
Unassigned	985,499			985,499
Total fund balances	<u>12,518,611</u>	<u>186,335</u>	<u>2,590,438</u>	<u>\$ 15,295,384</u>
Total liabilities and fund balances	<u>\$ 14,021,481</u>	<u>\$ 1,105,230</u>	<u>\$ 3,747,375</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$173,224,064 and the accumulated depreciation is \$81,224,834 (see Note 4).	\$ 91,999,230
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds	(108,617)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 5).	(13,271,647)
Deferred pension costs in governmental activities are not resources and are therefore not reported in the funds.	192,709
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(11,173,093)
Accrued pension contributions for the June 30, 2023 plan year end are paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide Statement of Net Position.	<u>(955,862)</u>
Net position of governmental activities	<u>\$ 81,978,104</u>

See accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023**

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
REVENUES				
Local sources:				
Local tax levy	\$ 26,837,956			\$ 26,837,956
County capital contribution			\$ 3,500,000	3,500,000
Tuition charges	547,982			547,982
Interest earned			1,510	1,510
Miscellaneous	652,801	\$ 697,506		1,350,307
Total local sources	<u>28,038,739</u>	<u>697,506</u>	<u>3,501,510</u>	<u>32,237,755</u>
State sources	32,239,446	316,328	46,296	32,602,070
Federal sources	54,704	4,028,456		4,083,160
Total revenues	<u>60,332,889</u>	<u>5,042,290</u>	<u>3,547,806</u>	<u>68,922,985</u>
EXPENDITURES				
Current:				
Regular instruction	7,249,790	781,904		8,031,694
Other special instruction	74,672			74,672
Vocational education	8,076,521	719,664		8,796,185
Other instruction	697,085			697,085
Support services and undistributed costs:				
Student and instruction related services	3,848,016	1,361,076		5,209,092
General administrative services	1,698,374			1,698,374
School administrative services	2,870,811			2,870,811
Plant operations and maintenance	8,703,338			8,703,338
Pupil transportation	238,726			238,726
Business and other support services	1,778,567			1,778,567
Unallocated benefits	17,637,391	557,780		18,195,171
Capital outlay	741,800	1,589,077	5,374,784	7,705,661
Special schools	1,129,160			1,129,160
Total expenditures	<u>54,744,251</u>	<u>5,009,501</u>	<u>5,374,784</u>	<u>65,128,536</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>5,588,638</u>	<u>32,789</u>	<u>(1,826,978)</u>	<u>3,794,449</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			500,000	500,000
Transfers out	(500,000)			(500,000)
Total other financing sources (uses)	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Net change in fund balances	5,088,638	32,789	(1,326,978)	3,794,449
Fund balance, July 1	<u>7,429,973</u>	<u>153,546</u>	<u>3,917,416</u>	<u>11,500,935</u>
Fund balance, June 30	<u>\$ 12,518,611</u>	<u>\$ 186,335</u>	<u>\$ 2,590,438</u>	<u>\$ 15,295,384</u>

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

See accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2023**

Total net change in fund balances - governmental funds (from B-2) \$ 3,794,449

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

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

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

	\$	7,607,279	
Capital additions			
Disposition of capital assets		(3,028)	
Depreciation expense		<u>(4,332,630)</u>	3,271,621

In the statement of net position, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount reflects the change from prior year. 6,379

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 756,753

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 (+). (14,721)

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

		<u>1,723,249</u>	
Pension expense			

Change in net position of governmental activities (A-2) \$ 9,537,730

Proprietary Fund

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Position
Enterprise Fund
June 30, 2023**

	Major Fund Food Service
ASSETS	
Current assets:	
Accounts receivable:	
State	\$ 1,457
Federal	38,627
Interfund	557,124
Inventory	7,641
Total current assets	604,849
Noncurrent assets:	
Capital assets:	
Furniture, machinery & equipment	259,514
Less accumulated depreciation	(132,027)
Total capital assets, net	127,487
Total assets	732,336
LIABILITIES	
Current liabilities:	
Accounts payable	56,343
Unearned revenue	2,169
Other payables	1,811
Total current liabilities	60,323
NET POSITION	
Investment in capital assets	127,487
Unrestricted	544,526
Total net position	\$ 672,013

See accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Fund
Year Ended June 30, 2023**

	Major Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 170,541
Daily sales - non-reimbursable programs	114,028
Special functions	13,822
Total operating revenues	298,391
Operating expenses:	
Salaries	458,896
Cost of sales-reimbursable programs	115,824
Cost of sales - non-reimbursable programs	51,880
Food donation program	75,439
Other purchased services	88,400
General supplies	93,534
Depreciation	21,159
Total operating expenses	905,132
Operating (loss)	(606,741)
Nonoperating revenues:	
State sources:	
State school lunch program	17,612
State school breakfast program	3,164
Federal sources:	
National school lunch program	405,810
School breakfast program	117,611
P-EBT Administrative Cost	653
Supply Chain Assistance	106,301
Food donation program	75,439
Interest	31
Total nonoperating revenues	726,621
Change in net position	119,880
Total net position—beginning of year	552,133
Total net position—end of year	\$ 672,013

See accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Cash Flows
Enterprise Fund
Year Ended June 30, 2023**

	Major Fund
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 296,654
Payments to employees	(458,896)
Payments to suppliers	(435,477)
Net cash used in operating activities	(597,719)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from state reimbursements	20,962
Cash received from federal reimbursements	759,697
Cash disbursed to other funds	(156,336)
Net cash provided by noncapital financing activities	624,323
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(26,635)
Net cash used in capital and related financing activities	(26,635)
Net change in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ -
Reconciliation of operating loss to net cash (used in) operating activities:	
Operating loss	\$ (606,741)
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Depreciation	21,159
Decrease in inventories	11,924
(Decrease) in unearned revenue	(1,937)
(Decrease) in other liabilities	(177)
(Decrease) in accounts payable	(22,147)
Total adjustments	9,022
Net cash (used in) operating activities	\$ (597,719)

The District received \$75,439 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2023.

See accompanying notes to the basic financial statements.

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies

The financial statements of the Board of Education (the “Board”) of the Middlesex County Vocational and Technical High Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are disclosed below:

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

A. Reporting Entity

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

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of appointed officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The operations of the District include five vocational and technical schools located in Middlesex County, New Jersey.

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

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

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

B. Government-wide and fund financial statements

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

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

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

The District has reported the following major governmental funds:

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

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

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

The District reports the following major proprietary fund:

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

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

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

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. All budget amendments must be approved by School Board resolution.

Budget amendments during the year ended June 30, 2023 were not significant and approved by the Board and the New Jersey Department of Education where required.

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control (continued)

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

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

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

E. Cash, Cash Equivalents and Investments

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

F. Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

G. Inventories

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets

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

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

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

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

I. Compensated Absences

A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

I. Compensated Absences (continued)

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

The liability for vested compensated absences of the governmental fund is recorded as a liability in the government-wide financial statements and amounted to \$1,056,450 at June 30, 2023. Upon resignation or retirement, the liability for these amounts is reported in the governmental funds.

J. Unearned Revenue

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned and outstanding encumbrances. Unearned revenue in the General Fund represents tuition for Fall 2023 programs received on or before June 30, 2023.

K. Long-Term Obligations

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

L. Fund Balances

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances (continued)

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances (continued)

Of the \$12,518,611 of fund balances in the General Fund, \$1,248,005 of encumbrances is assigned to other purposes, \$7,900,100 has been restricted for the capital reserve, \$1,035,007 has been restricted for excess surplus – current year, \$1,262,413 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$87,587 has been classified as assigned fund balance designated for subsequent years' expenditures and \$985,499 is classified as unassigned. The fund balance in the Special Revenue Fund of \$186,335 is restricted for student activities and scholarships. The fund balance in the Capital Projects Fund of \$2,590,438 is restricted for capital projects, of which \$2,006,946 have been encumbered for projects.

M. Calculation of Excess Surplus

The designation for restricted fund balance – excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess surplus for June 30, 2023 was \$2,297,420. Of this amount, \$1,262,413 has been appropriated in the 2023-2024 budget and the remaining \$1,035,007 will be required to be appropriated in the 2024-2025 budget.

N. Net Position

Net position represents the difference between assets, deferred inflows of resources, deferred outflows of resources and liabilities in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

O. Management Estimates

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

P. On-Behalf Payments

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

Q. Tax Abatements

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

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth. Middlesex County has not entered into any tax abatement agreements, however, municipalities within the County have during calendar year 2023. Various municipalities were required to remit monies under statute to the County. None of those payments were due to the District.

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

1. Summary of Significant Accounting Policies (continued)

R. Recently Issued Accounting Pronouncements

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement establishes standards of accounting and financial reporting for subscription-based information technology arrangements (SBITAs) and bases the standards on the recent standards established in GASB Statement No. 87. The requirements of this Statement are effective for periods beginning after June 15, 2022. The District has evaluated the effects of this standard on its financial statements and found it to be immaterial to the financial statement presentation.

S. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 and December 4, 2023, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

2. Reconciliation of Government-Wide and Fund Financial Statements

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

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

The details of this difference are as follows:

Compensated absences	\$ 1,056,450
Financed purchases payable	<u>12,215,197</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 13,271,647</u>

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

3. Deposits and Investments

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

Deposits

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

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

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

3. Deposits and Investments (continued)

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

Operating cash, in the form of Negotiable Order of Withdrawal (“NOW”) accounts, is held in the District’s name by commercial banking institutions. At June 30, 2023, the District’s carrying amount of deposits was \$13,755,453 and the bank balance was \$15,574,056. Of the bank balance, \$750,000 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$14,297,143. \$526,913 held in the District agency accounts are not covered by GUDPA. Pursuant to GASB Statement No. 40, “Deposit and Investment Risk Disclosures” (“GASB 40”), the District’s operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution’s trust department or agent but not in the government’s name. The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District’s deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

New Jersey statutes permit the Board to purchase the following types of investments; however, there are no investments held by the District at June 30, 2023:

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2023:

	Beginning Balance	Increases	Transfers/ Disposals/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,307,200			\$ 7,307,200
Construction in progress	10,213,190	\$ 5,461,423	\$ (4,444,201)	11,230,412
Total capital assets, not being depreciated	17,520,390	5,461,423	(4,444,201)	18,537,612
Capital assets, being depreciated:				
Site improvements	11,228,607	200,230		11,428,837
Buildings and building improvements	114,650,902	5,838,547		120,489,449
Machinery and equipment	22,288,181	551,280	(71,296)	22,768,165
Total capital assets being depreciated	148,167,690	6,590,057	(71,296)	154,686,451
Less accumulated depreciation for:				
Site improvements	(6,407,559)	(470,242)		(6,877,801)
Buildings and building improvements	(52,068,619)	(3,019,833)		(55,088,452)
Machinery, equipment and vehicles	(18,484,293)	(842,555)	68,268	(19,258,580)
Total accumulated depreciation	(76,960,471)	(4,332,630)	68,268	(81,224,833)
Total capital assets, being depreciated, net	71,207,219	2,257,427	(3,028)	73,461,618
Governmental activities capital assets, net	<u>\$88,727,609</u>	<u>\$ 7,718,850</u>	<u>\$ (4,447,229)</u>	<u>\$91,999,230</u>

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

Regular instruction	\$ 12,459
Vocational instruction	545,599
Support services	4,455
School administrative services	103,512
General administrative services	9,426
Plant operation and maintenance	167,104
Unallocated depreciation	3,490,075
Total depreciation expense – governmental activities	<u>\$ 4,332,630</u>

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

4. Capital Assets (continued)

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2023:

	Beginning Balance	Increases	Ending Balance
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 232,879	\$ 26,635	\$ 259,514
Less accumulated depreciation for:			
Equipment	(110,868)	(21,159)	(132,027)
Total business-type activities capital assets, net	<u>\$ 122,011</u>	<u>\$ 5,476</u>	<u>\$ 127,487</u>

5. Long-Term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 1,041,729	\$ 223,320	\$ (208,599)	\$ 1,056,450	\$ 147,588
Financed purchases payable	12,971,950		(756,753)	12,215,197	804,818
Subtotal	14,013,679	223,320	(965,352)	13,271,647	952,406
Net pension liability	8,429,925	2,743,168		11,173,093	
Governmental activities long-term liabilities	<u>\$ 22,443,604</u>	<u>\$ 2,966,488</u>	<u>\$ (965,352)</u>	<u>\$ 24,444,740</u>	<u>\$ 952,406</u>

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

Bonds Payable and Bonds Authorized but Not Issued

As of June 30, 2023, the District had no bonds payable and no authorized but not issued bonds.

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

5. Long-Term Liabilities (continued)

Debt issued by the County of Middlesex

Bonds for capital improvements are authorized in accordance with State law by the County of Middlesex Board of Commissioners by adopting a bond ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County of Middlesex are general obligation bonds of the County of Middlesex and therefore are not recorded as debt of the District. As of June 30, 2023, debt outstanding and recorded in the financial statements of the County of Middlesex related to the District amounted to \$27,415,000.

Financed Purchases Payable

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

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

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

5. Long-Term Liabilities (continued)

Future Minimum Lease Payments - Future minimum lease payments under the financed purchase agreement along with the present value of the minimum lease payments as of June 30, 2023 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 1,065,021
2025	1,085,023
2026	1,051,054
2027	1,079,332
2028	1,107,835
2029-2033	5,998,761
2034-2035	<u>2,645,554</u>
 Total Minimum Lease Payments	 14,032,580
 Less: Amount representing interest	 <u>(1,817,383)</u>
 Present Value of Net Minimum Lease Payments	 <u>\$12,215,197</u>

The gross amount of assets recorded under the energy conservation leases amounted to \$14,032,580. All financed purchase obligations are presented on Schedule I-2 of this report.

6. Pension Plans

Description of Systems

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

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

Funding Policy

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

During the year ended June 30, 2023, the State of New Jersey contributed \$8,482,213 to the TPAF for normal costs of pension and post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,482,327 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. These amounts have been included in the government-wide fund financial statements. The District's actuarially determined contributions to PERS for each of the years ended June 30, 2023, 2022, and 2021 were \$933,633, \$833,362, and \$779,522, respectively, equal to the required contributions for each year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

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

Public Employees' Retirement System (PERS)

At June 30, 2023, the District reported a liability of \$11,173,093 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 used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.070362765 percent, which was an increase of 0.0028766442 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized full accrual pension benefit of \$789,615 in the government-wide financial statements. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 34,618	\$ 1,673,054
Differences between expected and actual experience	80,642	71,115
Changes in proportion	530,863	127,551
Difference between projected and actual earnings on pension plan investments	462,444	
District contributions subsequent to the measurement date	955,862	
	\$ 2,064,429	\$ 1,871,720

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

The \$955,862 of deferred outflows of resources resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ (915,941)
2025	(362,004)
2026	(149,856)
2027	572,928
2028	91,720
	<u>\$ (763,153)</u>

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. The 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%

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

Mortality Rates

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actual 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.

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

2022		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Non-U.S. developed markets equity	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
	100.00%	

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

Discount rate

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

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

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

2022	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 14,354,152	\$ 11,173,093	\$ 8,465,884

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

Pension Plan Fiduciary Net Position

The plan fiduciary net position for PERS including the State of New Jersey at June 30, 2022 was \$32,568,122,309. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2022 was \$25,810,084,045.

Additional Information

Collective balances of the Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$	1,660,772,008
Deferred inflows of resources	\$	3,236,303,935
Net pension liability	\$	15,219,184,920
District's proportion		0.0740362765%

Collective pension expense for the Local Group for the measurement periods ended June 30, 2022 was \$1,032,778,934. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 is 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48, respectively.

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

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2022 was \$85,310,635. The District's proportionate share was \$0. The net pension liability was measured as of June 30, 2022, and the total pension liability used 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 State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2022, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1653485820 percent, which was a decrease of 0.0014452570 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$2,295,948 for contributions incurred by the State.

Actuarial assumptions

The total pension liability in 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. The actuarial valuation used the following actuarial assumptions:

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%

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

Mortality Rates

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

The actuarial assumptions used in the July 1, 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 Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

2022		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Non-U.S. developed markets equity	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
	100.00%	

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 in determining the total pension liability.

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

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

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

2022	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 100,936,731	\$ 85,310,635	\$ 72,185,696

Pension plan fiduciary net position

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

Additional Information

Collective balances at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 4,996,491,160
Deferred inflows of resources	\$ 19,532,696,776
Net pension liability	\$ 51,594,415,806
 District's proportion	 0.1653485820%

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

6. Pension Plans (continued)

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

Collective pension expense for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 7.8, 7.9, 7.9, 8.0, 8.2, 8.3, 8.3, 8.3, and 8.5 years, respectively.

7. Post-Retirement Benefits

General Information about the OPEB Plan

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

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

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

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

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement medical benefits on behalf of the District for the years ended June 30, 2023, 2022, and 2021 were \$1,767,209, \$1,615,996, and \$1,551,929, respectively, which equaled the required contributions for each year.

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

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

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Local Education	June 30, 2022
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Total Plan Members	364,817

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2022 was \$89,028,201 or 0.18%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

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:

Actuarial Assumptions and Other Inputs

Inflation rate	2.50%	
	TPAF/ABP	PERS
Salary increases:	2.75 – 4.25%	2.75 – 6.55%
	based on years of service	based on years of service

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

Health Care Trend Assumptions

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

Discount Rate

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

Changes in the Total Nonemployer OPEB Liability

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

Balance at June 30, 2021		\$ 106,238,524
Increased by:		
Service cost	\$ 4,023,001	
Interest cost	2,359,346	
Differences between expected and actual experiences	2,551,974	
Member contributions	74,972	
		9,009,293
		115,247,817
Decreased by:		
Changes of assumptions	23,882,614	
Gross benefit payments	2,337,002	
		26,219,616
Balance at June 30, 2022		\$ 89,028,201

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

The State's proportionate share of deferred outflows and inflows of resources associated with the District at June 30, 2022 is \$31,898,487 and \$79,871,112, respectively.

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

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

	1% Decrease (2.54%)	At Current Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 104,643,285	\$ 89,028,201	\$ 76,513,492

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 73,587,250	\$ 89,028,201	\$ 109,310,828

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

For the year ended June 30, 2023, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of (\$2,543,647) for OPEB expenses incurred by the State.

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

7. Post-Retirement Benefits (continued)

Collective balances of the Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 20,104,625,333
Deferred inflows of resources	\$ 34,996,842,046
Collective OPEB expense	\$ 1,595,653,562

Special Funding Situation

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

8. Risk Management

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

New Jersey Unemployment Compensation Insurance

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

9. Deferred Compensation

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

10. Interfund Receivables and Payables

The total interfund accounts receivables and payables for the District are as follows at June 30, 2023:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 814,624	\$ 3,352
Special Revenue Fund		244,332
Capital Projects Fund		1,124,064
Enterprise Fund - Food Service	557,124	
	\$ 1,371,748	\$ 1,371,748

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

11. Economic Dependency

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), relating to its capital projects. The District is required to expend funds in accordance with its approved final eligible costs. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired.

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

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

13. Capital Reserve Account

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2023

13. Capital Reserve Account

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$	2,900,100
Add: June Deposit		5,500,000
Transfer to Capital Projects Fund		<u>(500,000)</u>
Ending Balance, June 30, 2023	\$	<u>7,900,100</u>

At June 30, 2023, the amount deposited in the capital reserve account does not exceed the District's local share reported in its Long-Range Facility Plan.

14. Commitments

The District has contractual commitments at June 30, 2023 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$1,248,005.

In addition, the District has \$2,006,946 of contractual commitments at June 30, 2023 to vendors related to the ongoing construction projects, recorded as restricted for capital projects, in the capital projects fund.

15. Transfers

The District made a transfer out of the General Fund and a transfer in to the Capital Projects Funds in the amount of \$500,000 which represents a withdrawal from the District's capital reserve fund balance in order to fund a capital project.

Required Supplementary Information – Part II

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

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

	2023	2022	2021	2020	2019	June 30, 2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset) - Local Group	0.0740362765%	0.0711596323%	0.0712574900%	0.0702785216%	0.0718815312%	0.0730781486%	0.0735984367%	0.0732122503%	0.0714014190%	0.0713357094%
District's proportionate share of the net pension liability (asset)	\$ 11,173,093	\$ 8,429,925	\$ 11,620,233	\$ 12,663,123	\$ 14,153,115	\$ 17,011,425	\$ 21,797,746	\$ 16,434,683	\$ 13,368,298	\$ 13,633,671
District's covered-employee payroll	\$ 5,311,055	\$ 5,342,312	\$ 5,085,413	\$ 5,081,261	\$ 5,043,426	\$ 5,043,426	\$ 5,139,312	\$ 5,065,509	\$ 4,991,828	\$ 4,921,659
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	210.37%	157.80%	228.50%	249.21%	280.63%	337.30%	424.14%	324.44%	267.80%	277.01%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

See accompanying notes to required supplementary information.

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

Last Ten Fiscal Years

	2023	2022	2021	2020	2019	June 30, 2018	2017	2016	2015	2014
Contractually required contribution	\$ 933,633	\$ 833,362	\$ 779,522	\$ 685,773	\$ 717,476	\$ 684,018	\$ 676,991	\$ 653,838	\$ 629,429	\$ 588,623
Contributions in relation to the contractually required contribution	(933,633)	(833,362)	(779,522)	(685,773)	(717,476)	(684,018)	(676,991)	(653,838)	(629,429)	(588,623)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 5,311,055	\$ 5,342,312	\$ 5,234,776	\$ 5,085,413	\$ 5,081,261	\$ 5,043,426	\$ 5,139,312	\$ 5,065,509	\$ 4,991,828	\$ 4,921,659
Contributions as a percentage of covered-employee payroll	17.58%	15.60%	14.89%	13.49%	14.12%	13.56%	13.17%	12.91%	12.61%	11.96%

See accompanying notes to required supplementary information.

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

Last Ten Fiscal Years

	2023	2022	2021	2020	2019	June 30, 2018	2017	2016	2015	2014
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.1653485820%	0.1667938390%	0.1663261017%	0.1725232996%	0.1688990540%	0.1701222442%	0.1720627833%	0.1733467542%	0.1725283819%	0.1830768662%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 85,310,635	\$ 80,186,453	\$ 109,523,737	\$ 105,879,177	\$ 107,449,950	\$ 114,702,551	\$ 135,355,541	\$ 109,562,551	\$ 92,210,805	\$ 92,525,608
Total proportionate share of the net pension liability (asset) associated with the District	\$ 85,310,635	\$ 80,186,453	\$ 109,523,737	\$ 105,879,177	\$ 107,449,950	\$ 114,702,551	\$ 135,355,541	\$ 109,562,551	\$ 92,210,805	\$ 92,525,608
Plan fiduciary net position as a percentage of the total pension liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

See accompanying notes to required supplementary information.

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

	Last Ten Fiscal Years*					
	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
State's proportion of the OPEB Liability associated with the District	0.18%	0.18%	0.18%	0.18%	0.19%	0.25%
District's proportionate share of the OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the District	89,028,201	106,238,524	120,769,762	77,127,626	85,463,086	133,724,194
Total proportionate share of the OPEB liability associated with the District	<u>\$ 89,028,201</u>	<u>\$ 106,238,524</u>	<u>\$ 120,769,762</u>	<u>\$ 77,127,626</u>	<u>\$ 85,463,086</u>	<u>\$ 133,724,194</u>
Balance, beginning of year	\$ 106,238,524	\$ 120,769,762	\$ 77,127,626	\$ 85,463,086	\$ 133,724,194	\$ 142,358,487
Increased by:						
Service cost	4,023,001	4,741,168	2,682,329	2,425,206	5,468,581	6,534,945
Interest cost	2,359,346	2,755,939	2,757,977	3,357,244	4,943,956	4,201,250
Changes of assumptions or other inputs		104,812	22,060,485	1,149,979		
Differences between expected and actual experiences	2,551,974		18,180,120			
Member contributions	74,972	70,456	63,727	70,182	78,982	114,052
	<u>115,247,817</u>	<u>128,442,137</u>	<u>122,872,264</u>	<u>92,465,697</u>	<u>144,215,713</u>	<u>153,208,734</u>
Decreased by:						
Changes of assumptions or other inputs	23,882,614	113,078			9,807,317	16,387,204
Differences between expected and actual experiences		19,919,627		12,970,483	46,660,058	
Gross benefit payments	2,337,002	2,170,908	2,102,502	2,367,588	2,285,252	3,097,336
	<u>26,556,626</u>	<u>33,203,613</u>	<u>4,205,004</u>	<u>25,338,071</u>	<u>58,752,627</u>	<u>19,571,540</u>
Balance, end of year	<u>\$ 89,028,201</u>	<u>\$ 106,238,524</u>	<u>\$ 120,769,762</u>	<u>\$ 77,127,626</u>	<u>\$ 85,463,086</u>	<u>\$ 133,724,194</u>
Covered by employee payroll	\$ 23,349,045	\$ 23,349,045	\$ 23,973,030	\$ 23,672,558	\$ 22,949,857	\$ 22,566,052
Total OPEB liability as a percentage of covered employee payroll.	381.29%	455.00%	503.77%	325.81%	372.39%	592.59%

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

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

See Note to Required Supplementary Information

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

Notes to Required Supplementary Information

Year Ended June 30, 2023

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

There were none.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

There were none.

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

Benefit Changes

There were none.

Changes of Assumptions

There were none.

Required Supplementary Information – Part III

Budgetary Comparison Schedules

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 26,837,956	\$ -	\$ 26,837,956	26,837,956	\$ -
Tuition Charges	502,250		502,250	547,982	45,732
Miscellaneous	479,436		479,436	652,801	173,365
Total - Local Sources	27,819,642	-	27,819,642	28,038,739	219,097
State Sources:					
Equalization Aid	15,408,041		15,408,041	15,408,041	
Special Education Categorical Aid	1,421,678		1,421,678	1,421,678	
Security Aid	592,489		592,489	592,489	
Other State Aid - Infrastructure Aid				5,000,000	5,000,000
TPAF Social Security (Reimbursed - Non-Budgeted)				1,482,327	1,482,327
TPAF Pension (On-Behalf - Non-Budgeted)				6,715,004	6,715,004
TPAF Long-Term Disability Insurance Contribution				3,194	
TPAF Post-Retirement Medical Contribution				1,764,015	1,764,015
Total State Sources	17,422,208	-	17,422,208	32,386,748	14,961,346
Federal Sources:					
Medicaid Reimbursement	39,638		39,638	36,012	(3,626)
Medicaid Admin Clearing Reimbursement				12,693	12,693
FFCRA/SEMI				5,999	5,999
Total Federal Sources	39,638	-	39,638	54,704	15,066
Total Revenues	45,281,488	-	45,281,488	60,480,191	15,198,703
EXPENDITURES:					
Current Expenditures:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	6,373,083	140,000	6,513,083	6,474,615	38,468
Purchased Educational Services	15,000	80,000	95,000	68,185	26,815
Other Purchased Services	3,907		3,907	3,907	
General Supplies	248,150	502,154	750,304	630,578	119,726
Textbooks	126,250	(55,000)	71,250	54,216	17,034
Other Objects	4,000		4,000		4,000
Regular Programs - Home Instruction					
Salaries of Teachers	25,000		25,000	10,434	14,566
Purchased Educational Services	20,000		20,000	11,762	8,238
Total Regular Programs	6,815,390	667,154	7,482,544	7,249,790	232,754
Bilingual Education - Instruction					
Salaries of Teachers	72,149	3,000	75,149	74,307	842
General Supplies	3,820		3,820	365	3,455
Total Bilingual Education - Instruction	75,969	3,000	78,969	74,672	4,297
Regular Vocational Programs - Local - Instruction					
Salaries of Teachers	3,664,129	(40,000)	3,624,129	3,606,934	17,195
Purchased Professional-Educational Services	25,000	(13,000)	12,000	4,980	7,020
Other Purchased Services	372,350	5,000	377,350	356,079	21,271
General Supplies	487,600	75,075	562,675	542,474	20,201
Textbooks	32,450		32,450	31,213	1,237
Other Objects	6,000		6,000	4,233	1,767
Total Regular Vocational Programs - Local - Instruction	4,587,529	27,075	4,614,604	4,545,913	68,691
Special Vocational Programs - Local - Instruction					
Salaries of Teachers	3,326,597	(160,000)	3,166,597	3,155,808	10,789
Purchased Professional-Educational Services	5,000		5,000		5,000
Other Purchased Services	202,785	20,000	222,785	209,427	13,358
General Supplies	269,537	(95,000)	174,537	164,973	9,564
Textbooks	30,000	(25,000)	5,000		5,000
Other Objects	4,000		4,000	400	3,600
Total Special Vocational Programs - Local - Instruction	3,837,919	(260,000)	3,577,919	3,530,608	47,311

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Co curricular Actvts. - Instruction					
Salaries	\$ 194,100	\$ (11,000)	\$ 183,100	\$ 180,164	\$ 2,936
General Supplies	7,500		7,500	1,647	5,853
Other Objects	19,000		19,000	18,157	843
Transfers to Cover Deficit (Agency Funds)	2,000		2,000		2,000
Total School-Spon. Co curricular Actvts. - Instruction	222,600	(11,000)	211,600	199,968	11,632
School-Spon. Athletics - Instruction					
Salaries	377,708	(19,000)	358,708	355,299	3,409
Purchased Services	50,540	15,000	65,540	55,794	9,746
Supplies and Materials	92,020	(3,542)	88,478	61,309	27,169
Other Objects	29,600		29,600	24,715	4,885
Total School-Spon. Athletics - Instruction	549,868	(7,542)	542,326	497,117	45,209
Total Instruction	16,089,275	418,687	16,507,962	16,098,068	409,894
Undistributed Expenditures:					
Undist. Expend. - Health Services					
Salaries	477,706	(26,000)	451,706	445,758	5,948
Purchased Professional Services	55,000		55,000	39,549	15,451
Supplies and Materials	17,500		17,500	13,659	3,841
Other Objects	1,000		1,000		1,000
Total Undistributed Expenditures - Health Services	551,206	(26,000)	525,206	498,966	26,240
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries of Other Professional Staff	86,642	3,000	89,642	88,607	1,035
Educational Services	1,000	3,000	4,000	2,200	1,800
Supplies and Materials	3,000		3,000	931	2,069
Total Undist. Expend.-Other Supp. Serv. Students-Related Serv.	90,642	6,000	96,642	91,738	4,904
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	921,474		921,474	920,161	1,313
Salaries of Secretarial and Clerical Assistants	248,688	8,000	256,688	246,468	10,220
Unused Vacation Payment	500	5,000	5,500	2,490	3,010
Other Purchased and Technical Services	2,000		2,000		2,000
Other Purchased Services	2,500		2,500	704	1,796
Supplies and Materials	23,500	(5,000)	18,500	14,800	3,700
Other Objects	5,000		5,000	289	4,711
Total Undist. Expend. - Guidance	1,203,662	8,000	1,211,662	1,184,912	26,750
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	605,825	38,000	643,825	641,510	2,315
Salaries of Secretarial and Clerical Assistants	166,162	(38,000)	128,162	119,512	8,650
Unused Vacation Payment	500	2,000	2,500	717	1,783
Other Purchased and Technical Services	25,000	12,000	37,000	35,910	1,090
Other Purchased Services	6,400	1,192	7,592	463	7,129
Supplies and Materials	7,700		7,700	4,672	3,028
Other Objects	2,750		2,750		2,750
Total Undist. Expend. - Child Study Teams	814,337	15,192	829,529	802,784	26,745
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	594,499	(25,000)	569,499	565,503	3,996
Salaries of Secretarial and Clerical Assistants	76,576	(10,500)	66,076	64,001	2,075
Unused Vacation Payment	500	12,000	12,500	11,243	1,257
Purchased Professional - Educational Services	4,875		4,875	1,190	3,685
Other Purchased Prof. and Tech. Services	5,650		5,650	5,300	350
Other Purchased Services	6,500	2,000	8,500	6,159	2,341
Supplies and Materials	19,000	(893)	18,107	8,646	9,461
Other Objects	1,900		1,900	1,671	229
Total Undist. Expend. - Improvement of Inst. Serv.	709,500	(22,393)	687,107	663,713	23,394
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	354,463	4,000	358,463	356,028	2,435
Supplies and Materials	63,000	34,664	97,664	94,018	3,646
Total Undist. Expend. - Edu. Media Serv./Sch. Library	417,463	38,664	456,127	450,046	6,081

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	\$ 104,911	\$ (3,000)	\$ 101,911	\$ 99,795	\$ 2,116
Salaries of Secretarial and Clerical Assistants	13,514	1,000	14,514	11,295	3,219
Purchased Professional - Educational Services	24,375	10,000	34,375	25,876	8,499
Other Purchased Prof. and Tech. Services	650		650		650
Other Purchased Services	21,500	2,500	24,000	18,753	5,247
Supplies and Materials	3,000		3,000	138	2,862
Other Objects	2,000		2,000		2,000
Total Undist. Expend. - Instructional Staff Training Serv.	169,950	10,500	180,450	155,857	24,593
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	713,311	100,000	813,311	810,263	3,048
Other Purchased Professional Services	184,400	43,563	227,963	142,617	85,346
Purchased Technical Services	128,000	62,200	190,200	178,184	12,016
Communications/Telephone	272,400	(25,000)	247,400	223,803	23,597
BOE Other Purchased Services	5,500	(2,500)	3,000	2,138	862
Other Purchased Services	171,320	20,250	191,570	144,505	47,065
Supplies and Materials	30,000	64,313	94,313	83,536	10,777
BOE Meeting Supplies	3,000		3,000		3,000
Miscellaneous Expenditures	47,775	29,000	76,775	75,984	791
BOE Membership Dues and Fees	39,500		39,500	37,344	2,156
Total Undist. Expend. - Supp. Serv. - General Admin.	1,595,206	291,826	1,887,032	1,698,374	188,658
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	2,100,992	(10,000)	2,090,992	2,090,918	74
Salaries of Secretarial and Clerical Assistants	749,570	(70,000)	679,570	673,382	6,188
Purchased Professional and Technical Services	500		500		500
Other Purchased Services	20,500		20,500	12,078	8,422
Supplies and Materials	112,363	(2,316)	110,047	86,986	23,061
Other Objects	14,000		14,000	7,447	6,553
Total Undist. Expend. - Support Serv. - School Admin.	2,997,925	(82,316)	2,915,609	2,870,811	44,798
Undist. Expend. - Support Serv.-Central Services					
Salaries	902,537	2,000	904,537	901,641	2,896
Purchased Professional Services	500		500		500
Purchased Technical Services	500		500		500
Other Purchased Services	37,400	(12,000)	25,400	11,726	13,674
Supplies and Materials	28,100	286	28,386	21,540	6,846
Other Objects	4,000		4,000	3,254	746
Total Undist. Expend. - Support Serv.-Central Services	973,037	(9,714)	963,323	938,161	25,162
Undist. Expend. - Support Serv. - Admin. Info. Technology					
Salaries	622,430		622,430	603,660	18,770
Purchased Professional Services	1,000		1,000		1,000
Purchased Technical Services	4,500	12,250	16,750	10,000	6,750
Other Purchased Services	12,500	1,300	13,800	3,114	10,686
Supplies and Materials	145,346	119,908	265,254	223,632	41,622
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Support Serv.- Admin. Info. Technology	786,776	133,458	920,234	840,406	79,828
Undist. Expend. - Required Maint. For Sch. Facilities					
Salaries	557,085	(70,000)	487,085	470,897	16,188
Unused Vacation Payment	500		500		500
Cleaning, Repair and Maintenance Services	590,392	306,507	896,899	647,587	249,312
General Supplies	184,500	70,922	255,422	198,771	56,651
Total Undist. Expend. - Required Maint. For Sch. Facilities	1,332,477	307,429	1,639,906	1,317,255	322,651

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	\$ 2,219,213	\$ (145,000)	\$ 2,074,213	\$ 2,059,974	\$ 14,239
Unused Vacation Payment	500	20,000	20,500	12,411	8,089
Purchased Professional and Technical Services	535,000	26,275	561,275	551,352	9,923
Cleaning, Repair and Maintenance Services	334,423	150,276	484,699	455,534	29,165
Lease Purchase Payment - ESIP	1,100,000	(65,000)	1,035,000	1,032,978	2,022
Other Purchased Property Services	170,900	10,000	180,900	153,133	27,767
Insurance	305,500	30,000	335,500	329,164	6,336
Miscellaneous Purchased Services	5,000		5,000		5,000
General Supplies	187,500	80,563	268,063	175,251	92,812
Energy (Natural Gas)	431,055	110,000	541,055	486,901	54,154
Energy (Electricity)	1,258,458	(165,000)	1,093,458	995,874	97,584
Other Objects	15,000	35,000	50,000	47,602	2,398
Total Undist. Expend. - Other Oper. & Maint. Of Plant	6,562,549	87,114	6,649,663	6,300,174	349,489
Care and Upkeep of Grounds					
Salaries	518,299	(10,000)	508,299	496,887	11,412
Unused Vacation Payment	500		500		500
Purchased Professional and Technical Services	500		500		500
Cleaning, Repair and Maintenance Services	160,000	108,585	268,585	225,300	43,285
General Supplies	70,000	38,556	108,556	100,381	8,175
Other Objects	1,000		1,000	125	875
Total Care and Upkeep of Grounds	750,299	137,141	887,440	822,693	64,747
Security					
Purchased Professional and Technical Services	360,000	(20,000)	340,000	234,979	105,021
Cleaning, Repair and Maintenance Services	72,500	(30,000)	42,500	14,742	27,758
General Supplies	15,000	50,000	65,000	13,495	51,505
Other Objects	1,000		1,000		1,000
Total Security	448,500	-	448,500	263,216	185,284
Undist. Expend. - Student Transportation Serv.					
Salaries	27,733		27,733	27,733	
Cleaning, Repair and Maintenance Services	7,500		7,500	1,817	5,683
Contract Services (Other than Between Home & Sch)-Vendors	266,165	(10,000)	256,165	207,206	48,959
Other Objects	5,000		5,000	1,970	3,030
Total Undist. Expend. - Student Transportation Serv.	306,398	(10,000)	296,398	238,726	57,672
Unallocated Benefits					
Social Security Contributions	545,000	35,000	580,000	554,521	25,479
Other Retirement Contributions - Regular	850,000	90,000	940,000	934,639	5,361
Unemployment Compensation	92,440	(70,000)	22,440	1,600	20,840
Workmen's Compensation	354,500	(15,000)	339,500	332,334	7,166
Health Benefits	6,187,200	(380,000)	5,807,200	5,733,873	73,327
Tuition Reimbursement	100,000	(50,000)	50,000	40,234	9,766
Unused Sick Payment	80,000		80,000	75,650	4,350
Total Unallocated Benefits	8,209,140	(390,000)	7,819,140	7,672,851	146,289
TPAF Social Security (Reimbursed - Non-Budgeted)				1,482,327	(1,482,327)
TPAF Pension (On-Behalf - Non-Budgeted)				6,715,004	(6,715,004)
TPAF Long-Term Disability Insurance Contribution				3,194	(3,194)
TPAF Post-Retirement Medical Contribution				1,764,015	(1,764,015)
Total On-behalf Contributions				9,964,540	(9,964,540)
Total Personal Services-Employee Benefits	8,209,140	(390,000)	7,819,140	17,637,391	(9,818,251)
Total Undistributed Expenditures	27,919,067	494,901	28,413,968	36,775,223	(8,361,255)
Total General Current Expense	44,008,342	913,588	44,921,930	52,873,291	(7,951,361)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services					
Equipment	30,000	3,671	33,671	29,117	4,554
Architecture/Engineering Services	50,000	(50,000)	-		
Construction Services	940,624	207,542	1,148,166	614,301	533,865
Assessment for Debt Serv on SDA Funding	98,382		98,382	98,382	
Total Facilities Acquisition and Construction Services	1,119,006	161,213	1,280,219	741,800	538,419
Total Capital Outlay	1,119,006	161,213	1,280,219	741,800	538,419

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Schools:					
Post - Secondary Programs - Instruction					
Salaries of Teachers	\$ 646,681	\$ (105,000)	\$ 541,681	\$ 527,805	\$ 13,876
Purchased Prof. and Tech. Services	5,800		5,800		5,800
Other Purchased Services	5,200		5,200	70	5,130
General Supplies	65,500	(24,611)	40,889	33,611	7,278
Textbooks	4,675		4,675		4,675
Other Objects	3,200		3,200		3,200
Total Post - Secondary Programs - Instruction	<u>731,056</u>	<u>(129,611)</u>	<u>601,445</u>	<u>561,486</u>	<u>39,959</u>
Post - Secondary Programs - Support Services					
Salaries	42,399		42,399	40,573	1,826
Unused Vacation Payment	500		500		500
Other Purchased Services	2,000		2,000	640	1,360
Supplies and Materials	4,000		4,000	621	3,379
Other Objects	2,000		2,000		2,000
Total Post - Secondary Programs - Support Services	<u>50,899</u>	<u>-</u>	<u>50,899</u>	<u>41,834</u>	<u>9,065</u>
Total Post - Secondary Programs	<u>781,955</u>	<u>(129,611)</u>	<u>652,344</u>	<u>603,320</u>	<u>49,024</u>
Vocational Evening-Local-Instruction					
Salaries of Teachers	241,733	(5,000)	236,733	173,044	63,689
Other Salaries for Instruction	1,000	1,500	2,500	1,200	1,300
General Supplies	84,900	(50,000)	34,900	14,022	20,878
Textbooks	16,300	(1,500)	14,800	(180)	14,980
Total Vocational Evening-Local-Instruction	<u>343,933</u>	<u>(55,000)</u>	<u>288,933</u>	<u>188,086</u>	<u>100,847</u>
Vocational Evening-Local-Support Serv.					
Salaries	325,752	5,000	330,752	324,969	5,783
Unused Vacation Payment	500		500		500
Supplies and Materials	23,750		23,750	1,778	21,972
Other Objects	28,250		28,250	11,007	17,243
Total Vocational Evening-Local-Support Serv.	<u>378,252</u>	<u>5,000</u>	<u>383,252</u>	<u>337,754</u>	<u>45,498</u>
Total Vocational Evening-Local	<u>722,185</u>	<u>(50,000)</u>	<u>672,185</u>	<u>525,840</u>	<u>146,345</u>
Total Special Schools	<u>1,504,140</u>	<u>(179,611)</u>	<u>1,324,529</u>	<u>1,129,160</u>	<u>195,369</u>
Total Expenditures	<u>46,631,488</u>	<u>895,190</u>	<u>47,526,678</u>	<u>54,744,251</u>	<u>(7,217,573)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(1,350,000)</u>	<u>(895,190)</u>	<u>(2,245,190)</u>	<u>5,735,940</u>	<u>7,981,130</u>
Other Financing Sources (Uses):					
Transfer to Capital Projects Fund	(500,000)		(500,000)	(500,000)	
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)	<u>(1,850,000)</u>	<u>(895,190)</u>	<u>(2,745,190)</u>	<u>5,235,940</u>	<u>7,981,130</u>
Fund Balance, July 1	<u>9,013,954</u>		<u>9,013,954</u>	<u>9,013,954</u>	
Fund Balance, June 30	<u>\$ 7,163,954</u>	<u>\$ (895,190)</u>	<u>\$ 6,268,764</u>	<u>\$ 14,249,894</u>	<u>\$ 7,981,130</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (1,850,000)		\$ (1,850,000)	\$ 6,131,130	\$ 7,981,130
Adjustment for prior year encumbrances		\$ (895,190)	(895,190)	(895,190)	
Total	<u>\$ (1,850,000)</u>	<u>\$ (895,190)</u>	<u>\$ (2,745,190)</u>	<u>\$ 5,235,940</u>	<u>\$ 7,981,130</u>
Recapitulation of fund balance:					
Restricted Fund Balance:					
Capital reserve account - restricted				\$ 7,900,100	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,262,413	
Excess Surplus - Current Year				1,035,007	
Assigned Fund Balance:					
Year-end encumbrances - assigned				1,248,005	
Designated for subsequent year's expenditures - assigned				87,587	
Unassigned Fund Balance				<u>2,716,782</u>	
				14,249,894	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				(1,731,283)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 12,518,611</u>	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
Special Revenue Fund
Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 653,972	\$ (224,738)	\$ 429,234	\$ 697,506	\$ 268,272
State Sources	241,780	74,548	316,328	316,328	-
Federal Sources	6,476,285	(2,447,829)	4,028,456	4,028,456	-
Total Revenues	<u>7,372,037</u>	<u>(2,598,019)</u>	<u>4,774,018</u>	<u>5,042,290</u>	<u>268,272</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	1,540,208	(700,853)	839,355	839,355	
Purchased Professional and Technical Services	112,570	23,334	135,904	135,904	
Other Purchased Services	42,489	(18,794)	23,695	23,695	
General Supplies	481,556	15,758	497,314	497,314	
Other Objects	5,300		5,300	5,300	
Total Instruction	<u>2,182,123</u>	<u>(680,555)</u>	<u>1,501,568</u>	<u>1,501,568</u>	<u>-</u>
Support Services					
Salaries of Other Professional Staff	506,755	(140,213)	366,542	366,542	
Personal Services - Employee Benefits	741,041	(183,261)	557,780	557,780	
Other Purchased Professional Services	681,590	(384,105)	297,485	297,485	
Purchased Property Services	124,341	(3,000)	121,341	121,341	
Travel	9,516	(2,797)	6,719	6,719	
Other Purchased Services	80,266	(38,634)	41,632	41,632	
Supplies & Materials	79,228	(37,564)	41,664	41,664	
Student Activities	250,000	-	250,000	485,477	(235,477)
Scholarship Miscellaneous expense	210	-	210	216	(6)
Total Support Services	<u>2,472,947</u>	<u>(789,574)</u>	<u>1,683,373</u>	<u>1,918,856</u>	<u>(235,483)</u>
Facilities Acquisition and Construction Services					
Building	2,414,560	(1,105,880)	1,308,680	1,308,680	
Instructional Equipment	302,407	(22,010)	280,397	280,397	
Non Instructional Equipment		-			
Total Facilities Acquisition and Construction Services	<u>2,716,967</u>	<u>(1,127,890)</u>	<u>1,589,077</u>	<u>1,589,077</u>	<u>-</u>
Total Expenditures	<u>7,372,037</u>	<u>(2,598,019)</u>	<u>4,774,018</u>	<u>5,009,501</u>	<u>(235,483)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,789</u>	<u>\$ 32,789</u>
Fund Balance, July 1				<u>153,546</u>	
Fund Balance, June 30				<u>\$ 186,335</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 171,083	
Scholarships				<u>15,252</u>	
Total Fund Balance				<u>\$ 186,335</u>	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
Budget to GAAP Reconciliation
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>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 60,480,191	[C-2] \$ 5,042,290
Difference - budgetary to GAAP:		
State aid payments recognized for budgetary purposes, not recognized for GAAP statements		
Prior year	1,583,981	
Current year	(1,731,283)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 60,332,889</u>	[B-2] <u>\$ 5,042,290</u>

Supplementary Information

Special Revenue Fund

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2023

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

v

	Total Brought Forward (Ex. E-1a)	Title I Part A Regular Program	Title I Part A C/O Program	Title II Part A Regular Program	Title IV Regular Program	I.D.E.A Part B Regular Program	Carl Perkins Entitlement Secondary Program Federal	Carl Perkins Entitlement Secondary Program Reserve	ARP ESSER	ARP ESSER Accelerated Learning	ARP ESSER Summer Learning	ARP ESSER Beyond School Day	ESSER II Mental Health	Totals
REVENUES:														
Local Sources	\$ 697,506													\$ 697,506
State Sources	316,328													316,328
Federal Sources	523,836	\$ 517,247	\$ 59,736	\$ 48,957	\$ 40,194	\$ 636,950	\$ 654,430	\$ 77,346	\$ 1,317,668	\$ 77,248	\$ 17,613	\$ 13,490	\$ 43,741	4,028,456
Total Revenues	<u>1,537,670</u>	<u>517,247</u>	<u>59,736</u>	<u>48,957</u>	<u>40,194</u>	<u>636,950</u>	<u>654,430</u>	<u>77,346</u>	<u>1,317,668</u>	<u>77,248</u>	<u>17,613</u>	<u>13,490</u>	<u>43,741</u>	<u>5,042,290</u>
EXPENDITURES:														
Instruction														
Salaries of Teachers	63,778	242,913				171,698	108,949		189,671	42,558	7,257	12,531		839,355
Purchased Professional and Technical Services	23,000	59,751					1,000	52,153						135,904
Other Purchased Services	23,695													23,695
General Supplies	119,244	68,247	59,736		35,894		208,111	6,082						497,314
Other Objects	5,300													5,300
Total Instruction	<u>235,017</u>	<u>370,911</u>	<u>59,736</u>		<u>35,894</u>	<u>171,698</u>	<u>318,060</u>	<u>58,235</u>	<u>189,671</u>	<u>42,558</u>	<u>7,257</u>	<u>12,531</u>		<u>1,501,568</u>
Support Services														
Salaries of Other Professional Staff	116,077	8,610				215,531	17,220				9,104			366,542
Personal Services - Employee Benefits	45,037	89,975				249,721	67,187		100,393	3,256	1,252	959		557,780
Other Purchased Professional & Technical Services	144,455	47,751		47,520	4,300		8,869			849			43,741	297,485
Purchased Property Services	121,341													121,341
Travel							6,719							6,719
Other Purchased Services	28,353			844			12,435							41,632
Supplies & Materials	10,486			593						30,585				41,664
Student Activities	485,477													485,477
Scholarship Miscellaneous expense	216													216
Total Support Services	<u>951,442</u>	<u>146,336</u>		<u>48,957</u>	<u>4,300</u>	<u>465,252</u>	<u>112,430</u>		<u>100,393</u>	<u>34,690</u>	<u>10,356</u>	<u>959</u>	<u>43,741</u>	<u>1,918,856</u>
Facilities Acquisition and Construction Services														
Instructional Equipment	37,346						223,940	19,111						280,397
Building	281,076								1,027,604					1,308,680
Total Facilities Acquisition and Construction Services	<u>318,422</u>						<u>223,940</u>	<u>19,111</u>	<u>1,027,604</u>					<u>1,589,077</u>
Total Expenditures	<u>1,504,881</u>	<u>517,247</u>	<u>59,736</u>	<u>48,957</u>	<u>40,194</u>	<u>636,950</u>	<u>654,430</u>	<u>77,346</u>	<u>1,317,668</u>	<u>77,248</u>	<u>17,613</u>	<u>13,490</u>	<u>43,741</u>	<u>5,009,501</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,789	-	-	-	-	-	-	-	-	-	-	-	-	32,789
Fund Balance, July 1	153,546	-	-	-	-	-	-	-	-	-	-	-	-	153,546
Fund Balance, June 30	\$ 186,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 186,335

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2023

	Total Brought Forward (Ex. E-1b)	Carl Perkins Entitlement Postsecondary Program State	Pre-Apprentice in Career Education	CTSO HOSA Grant Jul/Aug	YTTW Grant C/O	Lifeline Suicide	ESSER II	ESSER II Learning	ESSER II Mental Health	SDA Grant	ARP IDEA	Rockhind Wagner Foundation	Total Carried Forward
REVENUES:													
Local Sources	\$ 692,706				\$ 1,500					\$ 121,341		\$ 4,800	\$ 697,506
State Sources		\$ 126,322	\$ 67,165	\$ 2,863		\$ 15,550	\$ 371,430	\$ 35,734	\$ 45,000		\$ 53,259		\$ 316,328
Federal Sources													\$ 523,836
Total Revenues	<u>692,706</u>	<u>126,322</u>	<u>67,165</u>	<u>2,863</u>	<u>1,500</u>	<u>15,550</u>	<u>371,430</u>	<u>35,734</u>	<u>45,000</u>	<u>121,341</u>	<u>53,259</u>	<u>4,800</u>	<u>1,537,670</u>
EXPENDITURES:													
Instruction													
Salaries of Teachers	47,245		16,533										63,778
Purchased Professional and Technical Services		15,000						8,000					23,000
Other Purchased Services	8,945		14,750										23,695
General Supplies	17,389	64,473	35,882		1,500								119,244
Other Objects	500												5,300
Total Instruction	<u>74,079</u>	<u>79,473</u>	<u>67,165</u>		<u>1,500</u>			<u>8,000</u>				<u>4,800</u>	<u>235,017</u>
Support Services													
Salaries of Other Professional Staff	51,495	2,840		2,660			59,082						116,077
Personal Services - Employee Benefits	13,345	217		203			31,272						45,037
Other Purchased Professional & Technical Services	2,250	6,446				11,500		26,000	45,000		53,259		144,455
Purchased Property Services										121,341			121,341
Travel													
Other Purchased Services	28,353												28,353
Supplies & Materials	4,702					4,050		1,734					10,486
Student Activities	485,477												485,477
Scholarship Miscellaneous expense	216												216
Total Support Services	<u>585,838</u>	<u>9,503</u>		<u>2,863</u>		<u>15,550</u>	<u>90,354</u>	<u>27,734</u>	<u>45,000</u>	<u>121,341</u>	<u>53,259</u>	<u>-</u>	<u>951,442</u>
Facilities Acquisition and Construction Services													
Instructional Equipment		37,346											37,346
Building							281,076						281,076
Facilities Acquisition and Construction Services		<u>37,346</u>					<u>281,076</u>						<u>318,422</u>
Total Expenditures	<u>659,917</u>	<u>126,322</u>	<u>67,165</u>	<u>2,863</u>	<u>1,500</u>	<u>15,550</u>	<u>371,430</u>	<u>35,734</u>	<u>45,000</u>	<u>121,341</u>	<u>53,259</u>	<u>4,800</u>	<u>1,504,881</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,789	-	-	-	-	-	-	-	-	-	-	-	32,789
Fund Balance, July 1	153,546	-	-	-	-	-	-	-	-	-	-	-	153,546
Fund Balance, June 30	<u>\$ 186,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,335</u>

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2023

	PSA Contest	Project Lead The Way	NJSBAIG Safety Grant	Walmart Grant	Arts Integration	Grants for Growing	Inmate Education		Alcohol Adolescents Program	Alcohol Adolescents Program	NJ Stem Grant	Student Activity Fund	Scholarship Fund	Total Carried Forward
							Regular Program	Carryover						
REVENUES:														
Local Sources	\$ 729	\$ 1,805	\$ 22,822	\$ 4,470	\$ 7,475	\$ 4,483	\$ 29,279	\$ 39,412	\$ 55,050	\$ 8,199	\$ 500	\$ 508,446	\$ 10,036	\$ 692,706
Total Revenues	<u>729</u>	<u>1,805</u>	<u>22,822</u>	<u>4,470</u>	<u>7,475</u>	<u>4,483</u>	<u>29,279</u>	<u>39,412</u>	<u>55,050</u>	<u>8,199</u>	<u>500</u>	<u>508,446</u>	<u>10,036</u>	<u>692,706</u>
EXPENDITURES														
Instruction														
Salaries of Teachers							15,907	31,338						47,245
Purchased Professional and Technical Services														8,945
Other Purchased Services				4,470	4,475	4,483	7,952	149						17,369
General Supplies		1,805			3,000									500
Other Objects											500			500
Total Instruction		<u>1,805</u>		<u>4,470</u>	<u>7,475</u>	<u>4,483</u>	<u>23,859</u>	<u>31,487</u>			<u>500</u>			<u>74,079</u>
Support Services														
Salaries of Other Professional Staff									51,495					51,495
Personal Services - Employee Benefits							5,420	7,925						13,345
Other Purchased Professional & Technical Services									1,500	750				2,250
Purchased Property Services														
Travel														
Other Purchased Services			22,822											28,353
Supplies & Materials	729								2,055	5,531				4,702
Student Activities												485,477		485,477
Scholarship Miscellaneous expense													216	216
Total Support Services	<u>729</u>		<u>22,822</u>				<u>5,420</u>	<u>7,925</u>	<u>55,050</u>	<u>8,199</u>		<u>485,477</u>	<u>216</u>	<u>585,838</u>
Total Expenditures	<u>729</u>	<u>1,805</u>	<u>22,822</u>	<u>4,470</u>	<u>7,475</u>	<u>4,483</u>	<u>29,279</u>	<u>39,412</u>	<u>55,050</u>	<u>8,199</u>	<u>500</u>	<u>485,477</u>	<u>216</u>	<u>659,917</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	22,969	9,820	32,789
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	148,114	5,432	153,546
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,083</u>	<u>\$ 15,252</u>	<u>\$ 186,335</u>

Capital Projects Fund

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Summary Schedule of Project Expenditures - Budgetary Basis
Year Ended June 30, 2023**

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2023
			Prior Years	Current Year	
Insurance Reimbursements - Superstorm Sandy	7/1/2012	\$ 50,183			\$ 50,183
Capital Outlay - County	7/1/2014	1,752,649	\$ 1,742,381		10,268
Energy Savings Improvement Plan	7/1/2014	11,300,000	11,243,076		56,924
E-Rate	7/1/2016	177,257	177,257		
Capital Reserve Transfer	7/1/2017	450,000	390,562		59,438
Capital Outlay -County	7/1/2018	3,100,000	3,091,619	\$ 8,381	
Capital Outlay -County	7/1/2019	3,100,000	3,031,720	44,035	24,245
E-Rate	7/1/2019	8,690	8,690		
Energy Savings Improvement Plan	7/1/2019	4,878,200	4,504,300	21,533	352,367
Capital Outlay -County	7/1/2020	3,500,000	3,142,344	345,131	12,525
Capital Outlay -County	7/1/2021	3,500,000	1,604,988	1,520,159	374,853
Capital Reserve Transfer	7/1/2021	1,000,000		1,000,000	
Security Grant	7/1/2021	140,802	94,506	46,296	
Capital Outlay -County	7/1/2022	3,500,000		1,889,249	1,610,751
Capital Reserve Transfer	7/1/2022	500,000		500,000	
Interest Income	6/30/2023	38,884			38,884
		<u>\$ 36,996,665</u>	<u>\$ 29,031,443</u>	<u>\$ 5,374,784</u>	<u>\$ 2,590,438</u>

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

**Summary Schedule of Revenues, Expenditures and Changes in Fund Balance-Budgetary Basis
Year Ended June 30, 2023**

Revenue

County Capital Contribution	\$	3,500,000
Transfer from Capital Reserve		500,000
Security Grant		46,296
Interest Income		1,510
Total Revenue		<u>4,047,806</u>

Expenditures

Purchased Professional and Technical Services		379,209
Construction Services		4,779,203
Other Objects		20,901
Equipment Purchases		195,471
Total Expenditures		<u>5,374,784</u>

(Deficiency) of revenues (under) expenditures (1,326,978)

Fund Balance - Beginning - July 1		3,917,416
Fund Balance - Ending - June 30	\$	<u><u>2,590,438</u></u>

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2023**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2014/2015	\$ 1,752,649		\$ 1,752,649
Total Revenue and Other Financing Sources	1,752,649	-	1,752,649
Expenditures			
Purchased Professional and Technical Services	36,976		36,976
Construction Services	1,397,258		1,397,258
Other Objects	1,720		1,720
Equipment Purchases	306,427		306,427
Total Expenditures	1,742,381	-	1,742,381
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 10,268</u>	<u>\$ -</u>	<u>\$ 10,268</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 1,691,983		
Additional Eligible Cost	60,666		
Revised Eligible Cost	\$ 1,752,649		
Percentage Increase over Original Authorized Cost		3.59%	
Percentage Completion		99%	
Original Target Completion Date		Jun-16	
Revised Target Completion Date		Complete	

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

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Energy Savings Improvement Program
Year Ended June 30, 2023**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
Lease Purchases	\$ 11,300,000		\$ 11,300,000
Total Revenue and Other Financing Sources	11,300,000		11,300,000
Expenditures			
Purchased Professional and Technical Services	2,558,644		2,558,644
Construction Services	8,646,622		8,646,622
Other Objects	37,810		37,810
Equipment Purchases			
Total Expenditures	11,243,076	-	11,243,076
Excess (deficiency) of revenues Over (under) expenditures	\$ 56,924	\$ -	\$ 56,924
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 11,300,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 11,300,000		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		99%	
Original Target Completion Date		Jun-16	
Revised Target Completion Date		Jun-24	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2023**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2016/2017	\$ 3,000,000		\$ 3,000,000
E-Rate	177,257		177,257
Total Revenue and Other Financing Sources	<u>3,177,257</u>		<u>3,177,257</u>
Expenditures			
Purchased Professional and Technical Services	167,723		167,723
Construction Services	2,519,543		2,519,543
Other Objects	6,737		6,737
Equipment Purchases	483,254		483,254
Total Expenditures	<u>3,177,257</u>	<u>-</u>	<u>3,177,257</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 3,000,000		
Additional Eligible Cost	177,257		
Revised Eligible Cost	\$ 3,177,257		
Percentage Increase over Original Authorized Cost		5.91%	
Percentage Completion		100%	
Original Target Completion Date		Jun-17	
Revised Target Completion Date		Complete	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2023**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2017/2018	\$ 3,000,000		\$ 3,000,000
Transfer from Capital Reserve	450,000		450,000
Total Revenue and Other Financing Sources	<u>3,450,000</u>		<u>3,450,000</u>
Expenditures			
Purchased Professional and Technical Services	368,258		368,258
Construction Services	2,829,464		2,829,464
Other Objects	17,165		17,165
Equipment Purchases	175,675		175,675
Total Expenditures	<u>3,390,562</u>	-	<u>3,390,562</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 59,438</u>	<u>\$ -</u>	<u>\$ 59,438</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 3,450,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 3,450,000		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		98%	
Original Target Completion Date		Jun-18	
Revised Target Completion Date		Jun-24	

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2023

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2018/2019	\$ 3,100,000		\$ 3,100,000
Total Revenue and Other Financing Sources	3,100,000		3,100,000
Expenditures			
Purchased Professional and Technical Services	224,028		224,028
Construction Services	2,537,824		2,537,824
Other Objects	9,013		9,013
Equipment Purchases	320,754	\$ 8,381	329,135
Total Expenditures	3,091,619	8,381	3,100,000
Excess (deficiency) of revenues Over (under) expenditures	\$ 8,381	\$ (8,381)	\$ -
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 3,100,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 3,100,000		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		100%	
Original Target Completion Date		Jun-19	
Revised Target Completion Date		Complete	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2023**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2019/2020	\$ 3,100,000		\$ 3,100,000
E-Rate	8,690		8,690
Total Revenue and Other Financing Sources	<u>3,108,690</u>	<u>-</u>	<u>3,108,690</u>
Expenditures			
Purchased Professional and Technical Services	275,842		275,842
Construction Services	2,495,852	\$ 44,035	2,539,887
Other Objects	9,050		9,050
Equipment Purchases	259,666		259,666
Total Expenditures	<u>3,040,410</u>	<u>44,035</u>	<u>3,084,445</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 68,280</u>	<u>\$ (44,035)</u>	<u>\$ 24,245</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 3,100,000		
Additional Eligible Cost	8,690		
Revised Eligible Cost	\$ 3,108,690		
Percentage Increase over Original Authorized Cost		0.28%	
Percentage Completion		99%	
Original Target Completion Date		Jun-20	
Revised Target Completion Date		Jun-24	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Energy Savings Improvement Program
Year Ended June 30, 2023**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
Lease Purchases	\$ 4,878,200		\$ 4,878,200
Total Revenue and Other Financing Sources	<u>4,878,200</u>	<u>-</u>	<u>4,878,200</u>
Expenditures			
Purchased Professional and Technical Services	1,446,177	\$ 19,533	1,465,710
Construction Services	3,058,123	2,000	3,060,123
Other Objects			
Equipment Purchases			
Total Expenditures	<u>4,504,300</u>	<u>21,533</u>	<u>4,525,833</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 373,900</u>	<u>\$ (21,533)</u>	<u>\$ 352,367</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 4,878,200		
Additional Eligible Cost			
Revised Eligible Cost	\$ 4,878,200		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		93%	
Original Target Completion Date		Jun-20	
Revised Target Completion Date		Jun-24	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2023**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2020/2021	\$ 3,500,000		\$ 3,500,000
Total Revenue and Other Financing Sources	<u>3,500,000</u>	<u>-</u>	<u>3,500,000</u>
Expenditures			
Purchased Professional and Technical Services	601,231	\$ 51,084	652,315
Construction Services	2,254,570	294,047	2,548,617
Other Objects	10,486		10,486
Equipment Purchases	276,057		276,057
Total Expenditures	<u>3,142,344</u>	<u>345,131</u>	<u>3,487,475</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 357,656</u>	<u>\$ (345,131)</u>	<u>\$ 12,525</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 3,500,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 3,500,000		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		99%	
Original Target Completion Date		Jun-21	
Revised Target Completion Date		Jun-24	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2023**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2021/2022	\$ 3,500,000		\$ 3,500,000
Transfer from Capital Reserve	1,000,000		1,000,000
Security Grant	94,506	\$ 46,296	140,802
Total Revenue and Other Financing Sources	<u>4,594,506</u>	<u>46,296</u>	<u>4,640,802</u>
Expenditures			
Purchased Professional and Technical Services	441,487	91,858	533,345
Construction Services	1,064,727	2,441,889	3,506,616
Other Objects	6,300	16,000	22,300
Equipment Purchases	186,980	16,708	203,688
Total Expenditures	<u>1,699,494</u>	<u>2,566,455</u>	<u>4,265,949</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 2,895,012</u>	<u>\$ (2,520,159)</u>	<u>\$ 374,853</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 3,594,506		
Additional Eligible Cost	1,046,296		
Revised Eligible Cost	\$ 4,640,802		
Percentage Increase over Original Authorized Cost		29.11%	
Percentage Completion		92%	
Original Target Completion Date		Jun-22	
Revised Target Completion Date		Jun-24	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2023**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2022/2023		\$ 3,500,000	\$ 3,500,000
Transfer from Capital Reserve		500,000	500,000
Security Grant			-
Total Revenue and Other Financing Sources	-	4,000,000	4,000,000
Expenditures			
Purchased Professional and Technical Services		216,734	216,734
Construction Services		1,997,232	1,997,232
Other Objects		4,901	4,901
Equipment Purchases		170,382	170,382
Total Expenditures	-	2,389,249	2,389,249
Excess (deficiency) of revenues Over (under) expenditures	\$ -	\$ 1,610,751	\$ 1,610,751
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$	4,000,000	
Additional Eligible Cost			
Revised Eligible Cost	\$	4,000,000	
Percentage Increase over Original			
Authorized Cost		0.00%	
Percentage Completion		60%	
Original Target Completion Date		Jun-23	
Revised Target Completion Date		Not determinable	

Long-Term Debt

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Schedule of Financed Purchases Payable
Year Ended June 30, 2023

I-2

Purpose	Interest Rate	Amount of Original Issue	Balance Balance July 1, 2022	Paid	Balance June 30, 2023
Energy Conservation	2.5185%	\$ 11,300,000	\$ 8,659,686	\$ 464,316	\$ 8,195,370
Energy Conservation	1.4140%	4,878,200	4,312,265	292,438	4,019,827
			<u>\$ 12,971,951</u>	<u>\$ 756,754</u>	<u>\$ 12,215,197</u>

Statistical Section

Statistical Section
Unaudited

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 66,298,193	\$ 67,537,157	\$ 68,853,997	\$ 69,374,863	\$ 70,995,591	\$ 72,180,605	\$ 68,678,300	\$ 73,720,391	\$ 76,129,560	\$ 79,784,033
Restricted	3,679,450	3,226,677	3,961,033	3,952,931	3,260,916	3,201,136	8,037,190	6,770,194	9,194,708	12,974,293
Unrestricted (deficit)	817,724	(13,068,657)	(13,124,793)	(14,307,778)	(14,577,721)	(14,541,454)	(14,150,451)	(14,206,660)	(12,883,894)	(10,780,222)
Total governmental activities net position	\$ 70,795,367	\$ 57,695,177	\$ 59,690,237	\$ 59,020,016	\$ 59,678,786	\$ 60,840,287	\$ 62,565,039	\$ 66,283,925	\$ 72,440,374	\$ 81,978,104
Business-type activities										
Net investment in capital assets	\$ 8,057	\$ 25,609	\$ 22,065	\$ 24,563	\$ 60,485	\$ 132,952	\$ 135,374	\$ 136,639	\$ 122,011	\$ 127,487
Unrestricted	58,037	90,919	146,033	211,984	266,586	248,069	88,890	229,900	430,122	544,526
Total business-type activities net position	\$ 66,094	\$ 116,528	\$ 168,098	\$ 236,547	\$ 327,071	\$ 381,021	\$ 224,264	\$ 366,539	\$ 552,133	\$ 672,013
District-wide										
Net investment in capital assets	\$ 66,306,250	\$ 67,562,766	\$ 68,876,062	\$ 69,399,426	\$ 71,056,076	\$ 72,313,557	\$ 68,813,674	\$ 73,857,030	\$ 76,251,571	\$ 79,911,520
Restricted	3,679,450	3,226,677	3,961,033	3,952,931	3,260,916	3,201,136	8,037,190	6,770,194	9,194,708	12,974,293
Unrestricted (deficit)	875,761	(12,977,738)	(12,978,760)	(14,095,794)	(14,311,135)	(14,293,385)	(14,061,561)	(13,976,760)	(12,453,772)	(10,235,696)
Total district net position	\$ 70,861,461	\$ 57,811,705	\$ 59,858,335	\$ 59,256,563	\$ 60,005,857	\$ 61,221,308	\$ 62,789,303	\$ 66,650,464	\$ 72,992,507	\$ 82,650,117

Source: ACFR Schedule A-1 and District records.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$13,633,671. This amount is not reflected in the June 30, 2014 Net Position above.
GASB 84 was implemented during the 2021 fiscal year, which required the restatement of beginning net position in the amount of \$169,992.

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

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities										
Instruction										
Regular	\$ 10,051,929	\$ 9,960,724	\$ 10,632,497	\$ 9,685,807	\$ 10,718,554	\$ 12,222,730	\$ 11,635,410	\$ 10,307,538	\$ 9,948,028	\$ 8,270,558
Other special instruction	94,736	93,468	207,569	160,740	182,506	234,427	216,129	205,640	191,623	162,138
Vocational	11,360,296	11,394,968	13,110,457	12,144,420	13,348,904	15,690,140	14,404,618	13,082,690	12,585,189	11,254,516
Other instruction	841,665	863,633	906,489	897,586	1,060,995	1,174,394	1,042,272	974,667	868,378	764,677
Support Services:										
Support services - students & instruction	6,323,882	6,331,121	7,085,263	6,262,241	7,063,782	8,218,438	7,388,852	6,636,688	6,509,940	5,841,283
School administrative services	3,709,622	3,828,990	4,750,193	4,536,531	4,953,371	5,863,013	5,352,252	4,507,749	1,603,265	3,883,373
General administrative services	1,927,386	2,001,645	1,916,559	1,508,302	1,577,011	1,947,997	1,867,246	1,655,094	4,383,951	1,399,392
Plant operations and maintenance	8,724,576	8,094,966	8,909,083	8,865,310	9,135,194	10,112,693	9,488,523	9,006,236	8,833,953	8,419,669
Pupil transportation	246,214	163,211	92,371	168,874	213,877	184,127	173,030	182,001	183,989	158,097
Other Support Services	2,204,982	2,397,929	2,668,759	2,409,305	2,366,024	3,087,012	2,713,222	2,486,937	2,099,542	1,913,408
Special Schools	1,413,329	1,504,905	1,920,253	1,695,880	2,194,245	2,633,621	2,423,852	2,254,297	2,210,559	1,898,010
Interest Expense	269,845	285,544	300,100	251,485	253,618	277,874	287,798	286,471	53,756	
Unallocated depreciation	3,490,075	3,332,315	3,338,114	3,315,457	3,175,828	2,949,643	2,557,841	2,215,122	2,135,750	2,135,093
Total governmental activities expenses	<u>50,658,537</u>	<u>50,253,419</u>	<u>55,837,707</u>	<u>51,901,938</u>	<u>56,243,909</u>	<u>64,596,109</u>	<u>59,551,045</u>	<u>53,801,130</u>	<u>51,607,923</u>	<u>46,100,214</u>
Business-type activities:										
Food service	905,132	912,422	569,582	690,075	704,751	635,954	679,432	651,573	642,294	682,670
Total business-type activities expense	<u>905,132</u>	<u>912,422</u>	<u>569,582</u>	<u>690,075</u>	<u>704,751</u>	<u>635,954</u>	<u>679,432</u>	<u>651,573</u>	<u>642,294</u>	<u>682,670</u>
Total district expenses	<u>\$ 51,563,669</u>	<u>\$ 51,165,841</u>	<u>\$ 56,407,289</u>	<u>\$ 52,592,013</u>	<u>\$ 56,948,660</u>	<u>\$ 65,232,063</u>	<u>\$ 60,230,477</u>	<u>\$ 54,452,703</u>	<u>\$ 52,250,217</u>	<u>\$ 46,782,884</u>
Operating grants and contributions										
Capital grants and contributions	\$ 46,296	\$ 94,506	\$ 3,099,752	\$ 2,274,452	\$ 2,225,346	\$ 1,975,195	\$ 2,159,969	\$ 2,084,888	\$ 2,089,246	\$ 1,603,173
Total governmental activities program revenues	<u>3,466,720</u>	<u>3,481,093</u>	<u>3,099,752</u>	<u>2,274,452</u>	<u>2,225,346</u>	<u>2,228,022</u>	<u>2,346,123</u>	<u>2,814,705</u>	<u>2,186,905</u>	<u>1,603,173</u>
Business-type activities:										
Food service	298,391	46,738	3,786	170,568	272,516	248,098	260,886	251,358	239,175	230,385
Operating grants and contributions	726,590	1,051,278	708,071	362,750	486,185	478,380	486,995	451,785	453,553	448,727
Total business type activities program revenues	<u>1,024,981</u>	<u>1,098,016</u>	<u>711,857</u>	<u>533,318</u>	<u>758,701</u>	<u>726,478</u>	<u>747,881</u>	<u>703,143</u>	<u>692,728</u>	<u>679,112</u>
Total district program revenues	<u>\$ 4,491,701</u>	<u>\$ 4,579,109</u>	<u>\$ 3,811,609</u>	<u>\$ 2,807,770</u>	<u>\$ 2,984,047</u>	<u>\$ 2,954,500</u>	<u>\$ 3,094,004</u>	<u>\$ 3,517,848</u>	<u>\$ 2,879,633</u>	<u>\$ 2,282,285</u>
Net (Expense)/Revenue										
Governmental activities	\$ (47,191,817)	\$ (46,772,326)	\$ (52,737,955)	\$ (49,627,486)	\$ (54,018,563)	\$ (62,368,087)	\$ (57,204,922)	\$ (50,986,425)	\$ (49,421,018)	\$ (44,497,041)
Business-type activities	119,849	185,594	142,275	(156,757)	53,950,000	90,524,000	68,449	51,570	50,434	(3,558)
Total district-wide net expense	<u>\$ (47,071,968)</u>	<u>\$ (46,586,732)</u>	<u>\$ (52,595,680)</u>	<u>\$ (49,784,243)</u>	<u>\$ (53,964,613)</u>	<u>\$ (62,277,563)</u>	<u>\$ (57,136,473)</u>	<u>\$ (50,934,855)</u>	<u>\$ (49,370,584)</u>	<u>\$ (44,500,599)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 26,837,956	\$ 26,837,958	\$ 26,837,956	\$ 26,837,956	\$ 26,837,956	\$ 25,964,306	\$ 25,443,790	\$ 24,990,260	\$ 24,435,550	\$ 23,813,430
Unrestricted grants and contributions	24,491,792	20,851,194	24,704,277	19,592,734	23,991,400	32,403,759	26,510,054	23,466,398	21,160,476	16,832,840
County capital contribution	3,500,000	3,500,000	3,500,000	3,100,000	3,100,000	3,000,000	3,000,000	3,100,000	3,100,000	3,100,000
E-Rate				8,690			177,257			
Gain on refunding of bonds for ERIP										
Tuition received	547,982	446,625	537,375	559,618	507,425	681,891	689,538	714,812	624,349	707,455
Investment earnings	1,510	234	1,416	2,893	16,271	2,879	461	190	190	
Miscellaneous income	1,350,307	1,292,764	875,817	1,080,355	727,012	965,871	711,183	709,554	633,934	704,347
Total governmental activities	<u>56,729,547</u>	<u>52,928,775</u>	<u>56,456,841</u>	<u>51,182,246</u>	<u>55,180,064</u>	<u>63,026,857</u>	<u>56,534,701</u>	<u>52,981,485</u>	<u>49,954,499</u>	<u>45,158,072</u>
Business-type activities:										
Miscellaneous income	31	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 56,729,578</u>	<u>\$ 52,928,775</u>	<u>\$ 56,456,841</u>	<u>\$ 51,182,246</u>	<u>\$ 55,180,064</u>	<u>\$ 63,026,857</u>	<u>\$ 56,534,701</u>	<u>\$ 52,981,485</u>	<u>\$ 49,954,499</u>	<u>\$ 45,158,072</u>
Change in Net Position										
Governmental activities	\$ 9,537,730	\$ 6,156,449	\$ 3,718,886	\$ 1,554,760	\$ 1,161,501	\$ 658,770	\$ (670,221)	\$ 1,995,060	\$ 533,481	\$ 661,031
Business-type activities	119,880	185,594	142,275	(156,757)	53,950	90,524	68,449	51,570	50,434	(3,558)
Total district	<u>\$ 9,657,610</u>	<u>\$ 6,342,043</u>	<u>\$ 3,861,161</u>	<u>\$ 1,398,003</u>	<u>\$ 1,215,451</u>	<u>\$ 749,294</u>	<u>\$ (601,772)</u>	<u>\$ 2,046,630</u>	<u>\$ 583,915</u>	<u>\$ 657,473</u>

Source: ACFR Schedule A-2 and District records.
 GASB 84 was implemented in the 2021 fiscal year, which required the recognition of student activity reported as charges for services. The amount is not reflected in the June 30th prior revenue balances above.

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

	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021	2022	2023
General Fund										
Restricted for										
Assigned to	\$ 69,078	\$ 158,427	\$ 781,719	\$ 830,595	\$ 695,113	\$ 1,660,672	\$ 2,017,224	\$ 4,242,818	\$ 5,497,647	\$ 10,197,520
Unassigned	1,427,509	1,323,177	1,773,950	1,639,387	1,842,199	1,993,049	2,268,600	1,717,932	910,056	1,335,592
Total general fund	<u>\$ 2,506,925</u>	<u>\$ 2,499,995</u>	<u>\$ 3,538,350</u>	<u>\$ 3,550,840</u>	<u>\$ 3,634,430</u>	<u>\$ 4,737,535</u>	<u>\$ 5,339,712</u>	<u>\$ 6,954,189</u>	<u>\$ 7,429,973</u>	<u>\$ 12,518,611</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Restricted for:										
Capital Projects Fund	\$ 3,610,372	\$ 11,861,372	\$ 5,748,796	\$ 4,164,865	\$ 2,992,700	\$ 2,455,488	\$ 5,849,974	\$ 2,849,715	\$ 3,917,416	\$ 2,590,438
Special revenue fund							169,992	216,037	153,545	186,335
Total all other governmental funds	<u>\$ 3,610,372</u>	<u>\$ 11,861,372</u>	<u>\$ 5,748,796</u>	<u>\$ 4,164,865</u>	<u>\$ 2,992,700</u>	<u>\$ 2,455,488</u>	<u>\$ 6,019,966</u>	<u>\$ 3,065,752</u>	<u>\$ 4,070,961</u>	<u>\$ 2,776,773</u>
Total Fund Balances	<u>\$ 6,117,297</u>	<u>\$ 14,361,367</u>	<u>\$ 9,287,146</u>	<u>\$ 7,715,705</u>	<u>\$ 6,627,130</u>	<u>\$ 7,193,023</u>	<u>\$ 11,359,678</u>	<u>\$ 10,019,941</u>	<u>\$ 11,500,934</u>	<u>\$ 15,295,384</u>

Source: CAFR Schedule B-1 and District records.

Note: GASB # 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See footnote 1 in the basic financial statements). Prior years have not been restated above, nor are they required to be.

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

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

	Fiscal year ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Tax levy and county capital contribution	\$ 30,337,956	\$ 30,337,958	\$ 30,337,956	\$ 29,937,956	\$ 29,937,956	\$ 28,964,306	\$ 28,443,790	\$ 28,090,260	\$ 27,535,550	\$ 26,913,430
Tuition charges	547,982	446,625	537,375	559,618	507,425	681,891	689,538	714,812	624,349	707,455
E-Rate							177,257			
Interest earnings	1,510	234	1,416	2,893	16,271	11,030	2,879	461	190	
Miscellaneous	1,350,307	1,292,764	875,817	1,080,355	727,012	965,871	711,183	709,554	633,933	737,638
State sources	32,602,070	25,938,124	22,711,063	21,208,568	20,747,257	19,791,166	18,493,680	18,653,456	17,179,597	16,524,779
Federal sources	4,083,160	4,332,218	3,673,577	2,307,715	2,369,658	1,999,893	2,105,953	2,315,468	2,143,154	1,741,201
Total revenue	68,922,985	62,347,923	58,137,204	55,097,105	54,305,579	52,414,157	50,624,280	50,484,011	48,116,773	46,624,503
Expenditures										
Instruction										
Regular instruction	8,031,694	7,648,052	6,735,424	6,657,204	6,531,874	6,067,582	6,364,179	6,140,186	6,178,520	5,809,370
Other special instruction	74,672	69,403	125,435	106,348	105,477	109,636	112,091	117,509	114,223	111,567
Vocational education instruction	8,796,185	8,413,998	8,138,599	8,314,798	8,268,172	8,159,022	8,222,784	8,084,533	8,213,995	8,072,835
Other instruction	697,085	680,884	598,751	636,536	686,709	638,756	611,480	623,385	581,921	576,153
Support Services:										
Student & instruction related services	5,209,092	4,937,379	4,761,273	4,365,064	4,423,166	4,202,134	4,146,857	4,064,384	4,076,121	4,167,061
General administration	1,698,374	1,725,005	1,531,745	1,227,016	1,214,671	1,264,393	1,292,629	1,205,343	1,180,438	1,134,988
School administrative services	2,870,811	2,728,788	2,785,493	2,964,612	2,838,682	2,720,021	2,739,109	2,594,880	2,618,894	2,621,641
Plant operations and maintenance	8,703,338	7,930,356	7,704,266	7,828,206	7,544,983	7,749,335	7,308,870	6,780,044	6,748,295	7,014,912
Pupil transportation	238,726	153,826	92,371	168,874	213,877	184,127	173,030	182,001	183,989	158,097
Other support services	1,778,567	1,909,428	1,729,273	1,674,468	1,441,040	1,547,631	1,483,951	1,528,945	1,409,313	1,346,551
Employee benefits	18,195,171	17,417,333	15,981,009	14,852,027	15,058,237	14,172,407	13,121,441	12,366,833	11,823,832	10,954,986
Capital outlay	7,705,661	6,126,518	8,098,910	5,473,622	4,683,289	5,413,627	5,309,940	10,562,048	6,678,510	2,954,528
Special schools	1,129,160	1,125,960	1,194,392	1,149,313	1,298,753	1,274,061	1,309,360	1,308,141	1,364,652	1,345,582
Total expenditures	65,128,536	60,866,930	59,476,941	55,418,088	54,308,930	53,502,732	52,195,721	55,558,232	51,172,703	46,268,271
Excess (Deficiency) of revenues over (under) expenditures	3,794,449	1,480,993	(1,339,737)	(320,983)	(3,351)	(1,088,575)	(1,571,441)	(5,074,221)	(3,055,930)	356,232
Other Financing sources (uses)										
Insurance recovery related to other costs of Super Storm Sandy										136,742
Lease purchase proceeds									11,300,000	
Transfers in	500,000	1,000,000				450,000				
Transfers out	(500,000)	(1,000,000)				(450,000)				
Total other financing sources (uses)	-	-	-	-	-	-	-	-	11,300,000	136,742
Net change in fund balances	\$ 3,794,449	\$ 1,480,993	\$ (1,339,737)	\$ (320,983)	\$ (3,351)	\$ (1,088,575)	\$ (1,571,441)	\$ (5,074,221)	\$ 8,244,070	\$ 492,974
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records; ACFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30,</u>	<u>Sale of Materials</u>	<u>Registration Fees</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Sale of Obsolete Equipment</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2014	\$ 29,328	\$ 375,634	\$ 16,988	\$ 4,491	\$ 13,070	\$ 128,094	\$ 567,605
2015	30,433	362,138	18,820	2,944	27,610	32,151	474,096
2016	45,328	393,943	14,213	17,626	35,528	21,813	528,451
2017	32,969	380,972	18,723	27,892	9,074	56,171	525,801
2018	27,471	381,303	30,154	2,660	6,094	372,775	820,457
2019	35,061	411,529	33,050	4,834	4,940	68,026	557,440
2020	22,231	446,339	20,803	361	2,481	407,156	899,371
2021	505	336,884	2,700	18,150	10,890	45,662	414,791
2022	14,358	414,518	5,965	5,630	71,811	238,449	750,731
2023	38,496	436,209	10,115	45,668	17,000	105,313	652,801

Source: District records

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2014	824,331	\$ 44,102,532,831	\$ 53,501	6.0%
2015	825,471	45,022,839,282	54,542	5.0%
2016	825,298	46,387,524,686	56,207	4.4%
2017	826,972	47,872,582,108	57,889	4.1%
2018	825,677	49,992,265,319	60,547	3.6%
2019	824,394	51,660,650,010	62,665	3.1%
2020	822,736	54,827,127,040	66,640	8.7%
2021	860,807	60,446,728,347	70,221	5.70%
2022	861,418	N/A	N/A	3.30%
2023	N/A	N/A	N/A	N/A

Source:

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

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

^c Per capita personal income by municipality estimated based upon the 2022 Census published by the US Bureau of Economic Analysis.

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

N/A - Information was not available.

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

<u>Function/Program</u>	<u>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>
Instruction										
Regular	82	86	81	85	80	79	79	82	82	84
Vocational	88	88	84	90	85	83	85	82	85	79
Support Services:										
Student & instruction related services	54	52	52	52	50	51	46	49	49	46
General administration	6	6	6	6	4	4	5	5	6	9
School administrative services	34	34	32	31	31	33	29	29	31	26
Central services	11	11	11	10	10	10	11	11	11	11
Administrative Information Technology	6	6	6	6	6	6	6	6	6	6
Plant operations and maintenance	48	49	49	49	48	48	50	48	46	48
Special Schools	15	15	15	16	14	13	13	11	8	9
Total	<u>344</u>	<u>347</u>	<u>336</u>	<u>345</u>	<u>328</u>	<u>327</u>	<u>324</u>	<u>323</u>	<u>324</u>	<u>318</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2014	2,436.0	\$ 43,313,743	\$ 17,781	-4.58%	222	N/A	N/A	1:11	1,983.3	1,856.1	-3.50%	93.59%
2015	2,441.5	44,494,193	18,224	2.49%	228	N/A	N/A	1:11	1,980.7	1,850.7	-0.29%	94.14%
2016	2,530.5	44,996,184	17,782	-2.43%	221	N/A	N/A	1:11	2,089.7	1,958.2	5.81%	93.71%
2017	2,534.0	46,885,781	18,503	4.06%	226	N/A	N/A	1:11	2,046.6	1,946.6	-0.59%	95.11%
2018	2,524.5	48,089,105	19,049	2.95%	215	N/A	N/A	1:12	2,047.6	1,946.7	0.00%	95.08%
2019	2,538.5	49,625,641	19,549	2.63%	218	N/A	N/A	1:10	2,077.0	1,979.4	1.68%	95.30%
2020	2,577.5	49,944,466	19,377	-0.88%	219	N/A	N/A	1:10	2,107.9	2,036.4	2.88%	96.61%
2021	2,552.0	51,378,031	20,132	3.90%	219	N/A	N/A	1:10	2,121.0	2,060.8	1.20%	96.61%
2022	2,609.5	54,676,376	20,953	4.07%	217	N/A	N/A	1:12	2,142.0	2,029.0	-1.54%	94.72%
2023	2,570.5	57,422,875	22,339	6.62%	222	N/A	N/A	1:12	2,109.0	2,003.5	-1.26%	95.00%

Sources: District records

Note: Enrollment based on annual October 15 District count.

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
<u>High School</u>										
Perth Amboy - New (2004)										
Square Feet	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000
Capacity (students)	442	442	442	442	442	442	442	442	442	442
Enrollment	298	294	295	292	285	289	284	274	276	265
Woodbridge (1938)										
Square Feet	52,754	52,754	52,754	52,754	52,754	52,754	52,754	52,754	52,754	52,754
Capacity (students)	221	221	221	221	221	221	221	221	221	221
Enrollment	272	292	315	317	312	311	316	294	354	286
East Brunswick (1970)										
Square Feet	278,124	278,124	278,124	278,124	278,124	278,124	278,124	278,124	278,124	278,124
Capacity (students)	985	985	985	985	985	985	985	985	985	985
Enrollment	665	679	708	717	711	739	743	752	763	734
Piscataway (1950)										
Square Feet	233,500	233,500	233,500	233,500	233,500	233,500	233,500	233,500	233,500	233,500
Capacity (students)	693	693	693	693	693	693	693	693	693	693
Enrollment	618	602	610	608	625	611	631	663	659	680
Academy (2000)										
Square Feet	29,900	29,900	29,900	29,900	29,900	29,900	29,900	29,900	29,900	29,900
Capacity (students)	119	119	119	119	119	119	119	119	119	119
Enrollment	167	167	166	160	159	159	166	168	171	175

Number of Schools at June 30, 2023
Senior High School = 5

Source: District Facilities Office

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

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

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

Fiscal Year	Perth Amboy New	Woodbridge	East Brunswick	Piscataway	Academy	Total
2014	\$ 197,527	\$ 140,475	\$ 507,190	\$ 573,754	\$ 62,784	\$ 1,481,730
2015	202,987	125,611	343,924	334,754	55,076	1,062,352
2016	204,369	68,665	362,773	394,418	71,289	1,101,514
2017	212,725	96,241	385,806	440,345	41,094	1,176,211
2018	320,575	140,353	294,041	314,446	39,550	1,108,965
2019	115,444	138,704	428,930	283,289	39,660	1,006,027
2020	283,193	147,795	549,293	363,114	77,166	1,420,561
2021	205,222	66,582	383,199	486,193	43,788	1,184,984
2022	156,391	135,318	390,858	373,411	99,046	1,155,024
2023	220,820	96,832	462,139	464,551	72,913	1,317,255
Total School Facilities	<u>\$ 2,119,253</u>	<u>\$ 1,156,576</u>	<u>\$ 4,108,153</u>	<u>\$ 4,028,275</u>	<u>\$ 602,366</u>	<u>\$ 12,014,623</u>

Source: District records
School facilities as defined under EFCFA.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Insurance Schedule
Year Ended June 30, 2023
Unaudited**

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
1) School package - New Jersey School Boards Association Insurance Group		
A) Property Blanket Bldg & Contents	\$ 500,000,000	\$ 5,000
B) Comprehensive General Liability	11,000,000 Per occurrence	
	11,000,000 Personal & adv. injury limit	
	10,000 Medical expense limit	
	11,000,000 Employee benefits liabilities	
	11,000,000 Fire damage	
	100,000,000 Terrorism	
C) Crime Coverage	250,000 Public Employee Dishonesty	
	25,000 Theft	
	250,000 Forgery	
	50,000 Computer Fraud	
2) Comprehensive Automobile Liability - NJ School Boards Assoc. Ins. Group	11,000,000	
3) Boiler & Machinery - NJ School Boards Assoc. Ins. Group	100,000,000	
4) School Board Legal Liability - NJ School Boards Assoc. Ins. Group	1,000,000/3,000,000 Coverage A	15,000
	100,000/300,000 Coverage B	15,000
5) Cyber Liability NJ School Boards Assoc. Ins. Group	10,000,000 Policy Aggregate	
	2,000,000 Per Incident	
6) Environmental Impairment - NJ School Boards Assoc. Ins. Group	11,000,000	50,000
7) Nurses Liability - Evanston Insurance	1,000,000 Per medical incident	1,000
	3,000,000 Annual aggregate	1,000
8) Fidelity Bonds	285,000 Business Adm./Board Secretary	
	285,000 Treasurer	
9) Workers Compensation NJ School Boards Assoc. Ins. Group	3,000,000 Per Occurance/Aggregate	

Source: District Records

Single Audit Section

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

Independent Auditors' Report

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

County of Middlesex
East Brunswick, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Middlesex County Vocational and Technical High Schools, in the County of Middlesex, New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2023.

Internal Control Over Financial Reporting

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

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

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

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

Page 2

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

Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 4, 2023

David J. Gannon

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Middlesex County Vocational and Technical High School's, in the County of Mercer, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 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 of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance, and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Page 2

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Page 3

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 4, 2023

David J. Gannon

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

THE BOARD OF EDUCATION
OF THE MIDDLESEX COUNTY VOCATIONAL AND TECHNICAL HIGH SCHOOLS
COUNTY OF MIDDLESEX
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal A.L. Number	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2022	Carryover Amount	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	(Accounts Receivable) at June 30, 2023	Unearned Revenue at June 30, 2023	Due to Grantor at June 30, 2023
U.S. Department of Education													
Passed-Through State Department of Education:													
Medical Assistance Program	93.778	2205NJ5MAP	7/1/21-6/30/22	\$ 47,890	\$ (18,683)			\$ 18,683					
Medical Assistance Program	93.778	2205NJ5MAP	7/1/22-6/30/23	54,704				54,704	(54,704)				
Medical Assistance Program Subtotal					(18,683)			73,387	(54,704)				
U.S. Department of Labor—Passed-Through State Department of Labor													
American Rescue Plan Act (ARPA) Unemployment Reimbursement (NC)	17.000	Not Available	7/1/20-6/30/23	38,102				38,102	(38,102)				
Total General Fund					(18,683)			111,489	(92,806)				
U.S. Department of Education													
Passed-Through State Department of Education:													
Title I	84.010A	S010A220030	7/1/22-9/30/23	628,969				317,980	(517,247)		\$ (199,267)		
Title I	84.010A	S010A210030	7/1/21-9/30/22	653,328	(253,812)			313,548	(59,736)				
					(253,812)			631,528	(576,983)		(199,267)		
Title II - A	84.367	S367A220029	7/1/22-9/30/23	150,197				47,456	(48,957)		(1,501)		
Title II - A	84.367	S367A210029	7/1/21-9/30/22	125,322	(19,907)			19,907					
					(19,907)			67,363	(48,957)		(1,501)		
Title IV	84.424	S424A220031	7/1/22-9/30/23	54,970				40,194	(40,194)				
Title IV	84.424	S424A210031	7/1/21-9/30/22	64,247	(18,182)			18,182					
					(18,182)			58,376	(40,194)				
Special Education Cluster:													
I.D.E.A. Part B	84.027	S027A220100	7/1/22-9/30/23	636,950				355,316	(636,950)		(281,634)		
I.D.E.A. Part B	84.027	S027A210100	7/1/21-9/30/22	625,310	(283,398)			283,398					
ARP I.D.E.A	84.027X	H027X210100	7/1/21-9/30/23	107,063	(26,570)			79,829	(53,259)				
					(309,968)			718,543	(690,209)		(281,634)		
Carl Perkins - Entitlement Federal	84.048	V048A220030	7/1/22-6/30/23	654,430				507,042	(654,430)		(147,388)		
Carl Perkins - Entitlement Reserve	84.048	V048A220030	7/1/22-6/30/23	77,346				74,989	(77,346)		(2,357)		
Carl Perkins - Entitlement Federal	84.048	V048A210030	7/1/21-6/30/22	721,067	(78,215)			78,215					
Carl Perkins - Entitlement Reserve	84.048	V048A210030	7/1/21-6/30/22	76,082	(332)			332					
					(78,547)			660,578	(731,776)		(149,745)		
CTSO-HOSA	84.000	22BE60G06	9/1/21-8/31/22	158,500	(37,449)			40,312	(2,863)				
CRRSA-ESSER II	84.425D	S425D210027	3/13/20-9/30/23	1,679,283	(334,920)			670,318	(371,430)		(36,032)		
CRRSA-ESSER II Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	107,768	(5,659)			41,393	(35,734)				
CRRSA-ESSER II Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000				45,000	(45,000)				
ARP ESSER	84.425U	S425U210027	3/11/21-9/30/24	3,774,081	(262,562)			1,336,410	(1,317,668)		(243,820)		
ARP ESSER Accelerated Learning	84.425U	S425U210027	3/11/21-9/30/24	230,344	(17,400)			94,648	(77,248)				
ARP ESSER Summer Learning	84.425U	S425U210027	3/11/21-9/30/24	40,000				17,613	(17,613)				
ARP ESSER Beyond the School Day	84.425U	S425U210027	3/11/21-9/30/24	40,000				10,594	(13,490)		(2,896)		
ARP ESSER Mental Health	84.425U	S425U210027	3/11/21-9/30/24	45,000				29,741	(43,741)		(14,000)		
					(657,990)			2,286,029	(1,924,787)		(296,748)		
Lifeline Suicide Prevention	84.000	Not available	5/1/22-6/30/23	17,550				17,550	(15,550)			\$ 2,000	
Total Special Revenue					(1,338,406)			4,439,967	(4,028,456)		(928,895)	2,000	
U.S. Department of Agriculture													
Passed - Through State Department of Agriculture:													
Child Nutrition Cluster:													
Food Donation Program (NC)	10.555	231NJ304N1099	7/1/22-6/30/23	75,439				75,439	(75,439)				
National School Lunch Program	10.555	231NJ304N1099	7/1/22-6/30/23	405,810				377,107	(405,810)		(28,703)		
National School Lunch Program	10.555	221NJ304N1099	7/1/21-6/30/22	771,778	(71,394)			71,394					
Supply Chain Assistance	10.555	221NJ344N8903	7/1/22-6/30/23	106,301				106,301	(106,301)				
School Breakfast Program	10.553	231NJ304N1099	7/1/22-6/30/23	117,611				108,340	(117,611)		(9,271)		
School Breakfast Program	10.553	221NJ304N1099	7/1/21-6/30/22	185,907	(21,116)			21,116					
Subtotal Child Nutrition Cluster					(92,510)			759,697	(705,161)		(37,974)		
P-EBT Administrative Cost	10.649	231NJ304S9009	7/1/22-6/30/23	653					(653)		(653)		
Total Enterprise Fund					(92,510)			759,697	(705,164)		(38,627)		
Total Federal Awards					\$ (1,449,599)	\$ -	\$ -	\$ 5,311,153	\$ (4,827,076)	\$ -	\$ (967,522)	\$ 2,000	\$ -

NC - represents noncash expenditures

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

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

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

State Grantor Program Title	Grant or State Project Number	Grant Period	Award Amount	Unearned Rev/ (Accts. Rec)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Canceled	Balance at June 30, 2023			MEMO	
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	\$ 15,408,041				\$ 13,876,910	\$ (15,408,041)					\$ (1,531,131)	\$ (15,408,041)
Special Education Cateqorical Aid	23-495-034-5120-089	7/1/22-6/30/23	1,421,678				1,280,403	(1,421,678)					(141,275)	(1,421,678)
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	592,489				533,612	(592,489)					(58,877)	(592,489)
TPAF Social Security Aid	23-495-034-5094-003	7/1/22-6/30/23	1,482,327				1,482,327	(1,482,327)						(1,482,327)
Infrastructure Aid	Not Available	Open	5,000,000				5,000,000	(5,000,000)						(5,000,000)
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	13,935,028	\$ (1,383,941)			1,383,941							
Special Education Cateqorical Aid	22-495-034-5120-089	7/1/21-6/30/22	1,421,678	(141,190)			141,190							
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	592,489	(58,850)			58,850							
TPAF Social Security Aid	22-495-034-5094-003	7/1/21-6/30/22	1,264,314	(63,413)			63,413							
On-Behalf TPAF Contributions:														
Pension Benefit Contributions	23-495-034-5094-002	7/1/22-6/30/23	6,715,004				6,715,004	(6,715,004)						(6,715,004)
Long-Term Disability Insurance Contribution	23-495-034-5094-001	7/1/22-6/30/23	1,764,015				1,764,015	(1,764,015)						(1,764,015)
Post Retirement Medical Contribution	23-495-034-5094-001	7/1/22-6/30/23	3,194				3,194	(3,194)						(3,194)
Total General Fund				<u>(1,647,394)</u>			<u>32,302,859</u>	<u>(32,386,748)</u>					<u>(1,731,283)</u>	<u>(32,386,748)</u>
Vocational Education-Carl Perkins Post-Secondary														
Pre-Apprentice in Career Education (PACE)	23-100-034-5062-032	7/1/22-6/30/23	126,812				126,322	(126,322)						(126,322)
Youth Transition to Work Grant	Not available	6/15/21-12/31/22	149,640	(15,239)			82,404	(67,165)						(67,165)
NJ Pathways to Career Opportunities	Not available	12/1/2022-5/31/2024	1,500				1,500	(1,500)						(1,500)
SDA Emergent Needs and Capital Maintenance	Not available	9/1/2022-6/30/2023	1,000				10,000			\$ 10,000				
Total Special Revenue Fund			<u>121,341</u>	<u>(15,239)</u>			<u>121,341</u>	<u>(121,341)</u>			<u>10,000</u>			<u>(121,341)</u>
Total State Financial Assistance				<u>(2,930,732)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,665,388</u>	<u>\$ (32,723,852)</u>	<u>\$ -</u>	<u>\$ (1,267,913)</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ (1,731,283)</u>	<u>\$ (33,990,309)</u>
State Financial Assistance														
Not Subject to Single Audit Determination														
General Fund														
Infrastructure Aid	Not Available	Open	5,000,000					(5,000,000)						(5,000,000)
On-Behalf TPAF Contributions:														
Pension Benefit Contributions	23-495-034-5094-002	7/1/22-6/30/23	6,715,004					(6,715,004)						(6,715,004)
Long-Term Disability Insurance Contribution	23-495-034-5094-001	7/1/22-6/30/23	1,764,015					(1,764,015)						(1,764,015)
Post Retirement Medical Contribution	23-495-034-5094-001	7/1/22-6/30/23	3,194					(3,194)						(3,194)
Total State Financial Assistance				<u>(2,930,732)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,665,388</u>	<u>\$ (19,241,639)</u>	<u>\$ -</u>	<u>\$ (1,267,913)</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ (1,731,283)</u>	<u>\$ (20,508,096)</u>

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

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

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

Year ended June 30, 2023

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A-22:44.2.

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

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

Year ended June 30, 2023

3. Relationship to Basic Financial Statements (continued)

For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment is (\$147,302) to reconcile from the budgetary basis to the GAAP basis for the general fund and no adjustment for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 54,704	\$ 32,239,446	\$ 32,294,150
Special Revenue Fund	4,028,456	316,328	4,344,784
Food Service Enterprise Fund	705,814	20,776	726,590
Total financial award revenues	<u>\$ 4,788,974</u>	<u>\$ 32,576,550</u>	<u>\$ 37,365,524</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value of USDA commodities received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2023.

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

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

Year ended June 30, 2023

5. Other (continued)

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2023 amounted to \$8,482,213. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, as directed by the funding agency.

During fiscal year 2023, the District received additional state aid of \$5,000,000 in its general fund labeled as infrastructure aid. The District expects to receive additional funding in fiscal year 2024 to be used for a future capital project. The District deposited these funds through a resolution in June 2023 to its capital reserve fund balance for future usage for the future project. Since the expenditures related to this future project did not occur during this year, it has been excluded from consideration for the state single audit and appears on the schedule of expenditures of state financial assistance to be consistent with prior directives from the New Jersey Department of Education.

During fiscal year 2023, the New Jersey Department of Labor notified the District that federal legislation under the CARES Act and the American Rescue Plan Act of 2021 provided for partial federal subsidies related to unemployment insurance benefits attributable to the District's account. The amount of federal subsidies received by the District during fiscal year 2023 amounted to \$38,102, which have been included on the schedule of expenditures of federal awards. These subsidies represent amounts paid on behalf of the District for time periods prior to the current fiscal year (third quarter of 2020 through the second quarter of 2021) and therefore have been excluded from the District's basic financial statements.

6. Indirect Costs

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

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part I – Summary of Auditors’ Results

Financial Statements Section

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? Yes √ No

Are any significant deficiencies identified? Yes √ None Reported

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

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified? Yes √ No

Are any significant deficiencies identified? Yes √ None Reported

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

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

Identification of major federal programs:

AL Number(s)	FAIN Number	Name of Federal Program or Cluster
84.425D, 84.425U	S425D210027	Education Stabilization Fund (ESSER)

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

Auditee qualified as low-risk auditee? √ Yes No

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part I – Summary of Auditors’ Results

State Financial Assistance Section

Internal control over major state programs:

Are any material weaknesses identified? _____ Yes √ No

Are any significant deficiencies identified? _____ Yes √ None Reported

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

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

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5094-003	TPAF Social Security State Aid Cluster:
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid

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

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

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part II – Schedule of Financial Statement Findings

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

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

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

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