
**Annual Comprehensive
Financial Report**

of the

Somerset County Vocational and Technical Schools

County of Somerset

Bridgewater, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

**Somerset County Vocational and Technical Schools, Board of Education
Finance Department**

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INTRODUCTORY SECTION



SOMERSET COUNTY VOCATIONAL & TECHNICAL SCHOOLS

P.O. Box 6350 • 14 Vogt Drive • Bridgewater, NJ 08807-0350 • (908) 526-8900 • Fax: (908) 704-0784 • www.scvths.org

Robert Presuto
Superintendent of Schools

Raelene Sipple
School Business Administrator/Board Secretary

December 4, 2023

Honorable President and Members of the Board of Education
Somerset County Vocational & Technical Schools
14 Vogt Drive
Bridgewater, New Jersey 08807

Dear Mr. Lalevee and Board Members:

The annual comprehensive financial report of the Somerset County Vocational & Technical Schools (District) for the fiscal year ended June 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations 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, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the provisions of the Uniform Guidance and New Jersey OMB Circular 15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. Reporting Entity and its Services: Somerset County Vocational & Technical Schools is an independent reporting entity within the criteria adopted by the Financial Accounting Standards Board ("FASB") as established by Governmental Accounting Standard Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Somerset County Vocational Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of career and technical educational services appropriate to grade level 9 through 12. The District completed the 2022-23 fiscal year with an average daily enrollment of 493 which is an increase of 13 students from the previous year's average daily enrollment. The following details the changes in the student average daily enrollment of the District over the last three years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2020-21	513	2.2%
2021-22	480	-6.4%
2022-23	493	2.7%

2. Economic Condition and Outlook: The following economic conditions as it pertains to new and expanding businesses in Somerset and neighboring Hunterdon county are provided by request from the Director of the Greater Raritan Workforce Development Board, Mr. Paul Grzella:

"The past few years have been a time of change for Hunterdon and Somerset Counties. While a few large companies have left the county, others have found a home in the county – these include Solaris Pharma Corp. and Freshpet as well as expanded space for Lab Corp. In addition, Raritan Valley Community College's Workforce Training Center is undergoing a multi-million-dollar expansion to enable it to be a site for the growing need for aseptic manufacturing in and around the county. RVCC also has new manufacturing training agreements with L'Oréal and Lab Corp. Hunterdon County has seen a boost in its small manufacturing base as well as additional activity around home-based businesses along the route 78/22 corridor."

This optimistic economic trend in Somerset strengthens SCVTS' resolve in enhancing and enriching its career and technical programs so that Somerset's workforce is both highly educated and prepared for high demand, high earning employment

opportunities. SCVTS draws students from all 21 municipalities and 19 school districts throughout the County, as well as from Hunterdon and other counties. The Vocational & Technical School is a member of the Somerset County Business Partnership and the Somerset County Smart Growth Committee, Sustainable Somerset, NJBIA, and the Greater Raritan Workforce Development Board. The district is committed to its mission of providing relevant career experiences, achieved via its ongoing connections to business and industry, while increasing its partnerships with institutions of higher education.

3. Major Initiatives: The Academy of Health and Medical Sciences is in its eighth year of operation. This specialized program for students interested in medical, pharmaceutical and overall health careers operates in conjunction with Raritan Valley Community College. Students access the facilities and resources of both Somerset County Vocational & Technical Schools and Raritan Valley Community College culminating in students completing their high school requirements and earning a high school diploma while earning credits for an Associate of Science degree, conferred by Raritan Valley Community College in their senior year of high school. The program accepts approximately 35% of its applicants.

SCVTS's curriculum has been enhanced for all students with the development and implementation of select academic and technical electives. SCVTS is in its seventh year of offering honors classes in mathematics and language arts. Two Teacher/Leader positions continue to improve instruction through professional development and training throughout the school day. Teacher, counselor and principal evaluations have been modified to better assess student learning and strategically direct needed resources. All teachers have joined Professional Learning Communities to measure and improve student achievement in the academic, career and technical educational areas.

SCVTS has partnered with William Paterson University (WPU) and become a member of a network of schools implementing a Professional Development School (PDS) model. Through this collaborative partnership, theory and practice are aligned in a "learning lab" type environment. Professors in Residence (PIRs) from WPU provide onsite training, innovative teaching strategies and practices in the areas of mathematics and language arts, staff are afforded professional development opportunities onsite and on the university campus. Recently SCVTS added a third "prong" to the PDS model by welcoming student teachers from WPU. This preservice opportunity completes the model which ties together theory with practice at the High school and University curriculum levels and now in the preservice clinical realm.

The Office of Pupil Support Services implements the National Counseling model providing a broad array of services to the student body. Career-readiness skill development and college preparation programs have been enhanced using the Naviance platform to assist students in choosing a viable career path, planning and pursuing college and/or post-secondary training programs. Special education students meeting the admission criteria benefit from an in-house child study team that monitors and assesses progress and communicates and coordinates services with the sending districts. Social, emotional learning has been expanded from a two-year immersive program to a four-year model. Mental health services have been enhanced to support students demonstrating anxiety and/or depressive symptoms.

The Technical Occupational Preparation for Success (TOPS) Alternative program provides non-traditional students with opportunities that advance their learning while pursuing a career of choice. The vocational component augments an accelerated, individualized academic completion program for these students considered to be at risk of academic failure. The school "community" serves as a much needed safety net for these students who often do not have parental or family support systems or positive home structures.

The school houses the Linkages social service program. This program utilizes State grant funds to provide direct counseling and career services to Somerset County youth. Local community agencies devote professional staff to meet the social and emotional needs of youth referred to these programs.

SCVTS is currently in its ninth year of implementation of its Mechatronics, Engineering and Advanced Manufacturing (MEAM) program, which is in partnership with RVCC. The program currently operates on both campuses. This program has grown since its inception, and efforts are underway to link students with other college programs offering dual credits. For example, students interested in technical engineering and/or general engineering fields will transition directly into the two and four-year college degree programs at RVCC and NJIT.

The district's success at winning competitive grants has served to expand the career and technical education choices for students while addressing local employer needs. The funding amount in the last few years has topped 1 million dollars in support of these expansions. The Securing our Children's Future grant program is providing 75% of the necessary funding for an additional eight programs for approximately 512 new students, once the capital project is completed by September of 2025. Construction is due to begin in the spring of 2024.

4. Internal Accounting Controls: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles

accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (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 and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the district 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 accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education and the Board of School Estimate. Annual appropriated budgets are adopted for the general fund and the special revenue fund. All District debt is the responsibility of the Board of Chosen Commissioners of Somerset County. Project-length budgets are accounted for in the Capital projects fund. However, these projects are funded through the County of Somerset and are paid to the District on a reimbursement draw down basis for the approved projects. 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 canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 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. These funds and are explained in "Notes to the Financial Statements", Note 1.

7) Financial Information at Fiscal Year-End: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues meeting its responsibility for sound financial management. You should review in detail the management's discussion and analysis for the fiscal year ended June 30, 2023 for financial summaries.

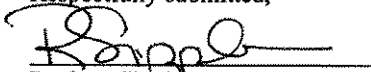
8) Cash Management: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit 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 funds are secured in accordance with the Act.

9) Risk Management: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance and contents, and fidelity bonds.

10) Other Information: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney and Company, CPAs was selected by the Board's committee of the whole. In addition to meeting the requirements set forth in state statutes, the audit also was designated to meet the requirements of the Single Audit Act Amendments of 1996 and the Uniform Guidance Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) Acknowledgment: We would like to express our appreciation to the members of the Somerset County Vocational Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of Somerset County and thereby contributing their full support to the development and maintenance of our financial operation. We would also like to thank the Board of Chosen Commissioners of Somerset County for their continued support of vocational and technical education. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,


Raelene Sipple

Somerset County Vocational Board Of Education
Bridgewater, New Jersey

Roster of Officials
June 30, 2023

Board of Education Members

Gregory Lalevee, President
Nadine Wilkins, Vice President
Ayanna K. Taylor
Adam Beder
Roger Jinks, County Superintendent

Term

February 28, 2022 to October 31, 2025
November 1, 2019 to October 31, 2023
September 27, 2022 to October 31, 2024
November 1, 2022 to October 31, 2026
July 25, 2016

Other Officials

Robert Presuto, Superintendent of Schools
Raelene Sipple, Business Administrator/Board Secretary

Somerset County Vocational Board Of Education
Bridgewater, New Jersey

Consultants and Advisors
June 30, 2023

Audit Firm

Suplee, Clooney & Company
Certified Public Accountants
308 East Broad Street
Westfield, New Jersey 07090-2122

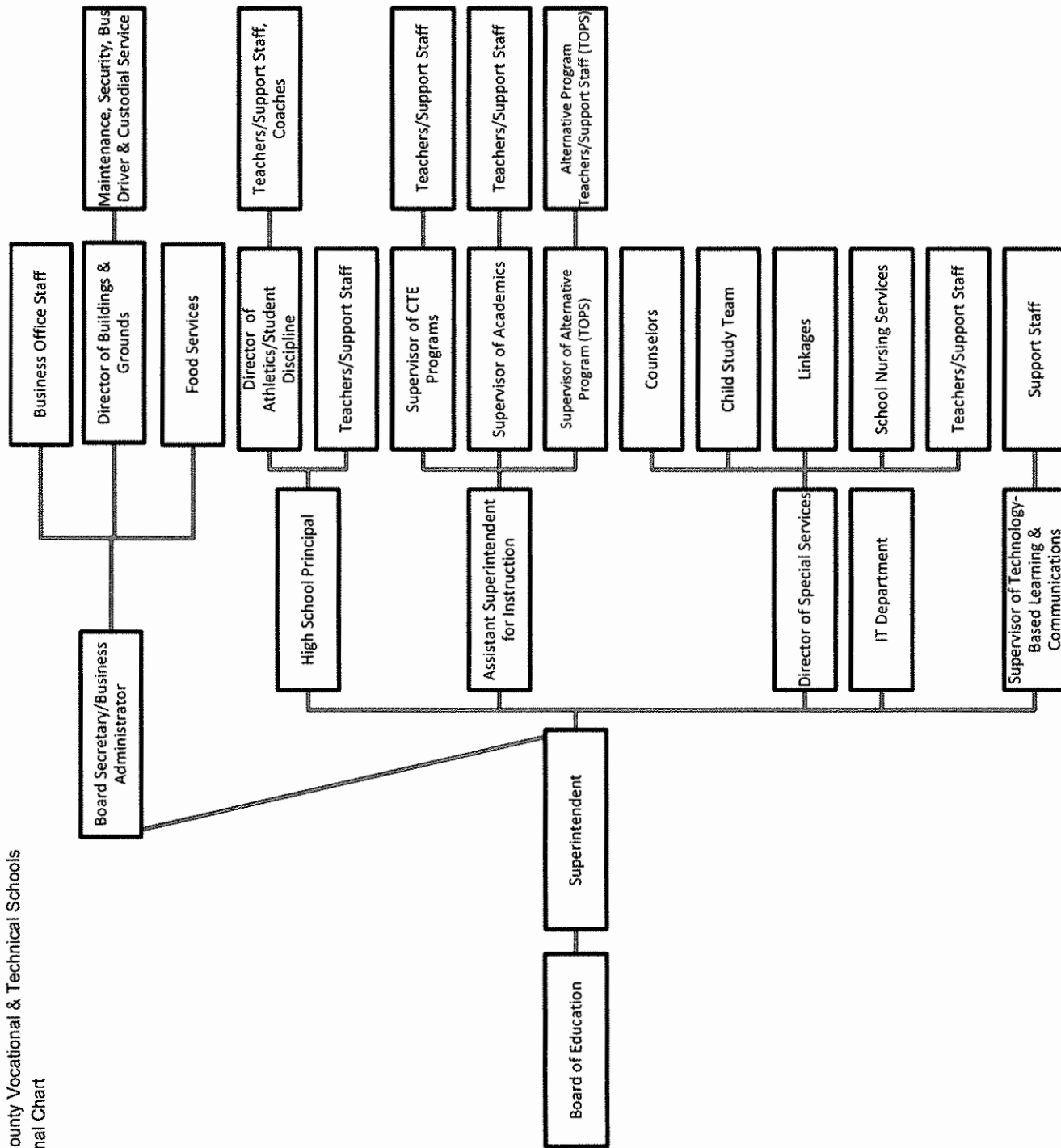
Attorney

DiFrancesco, Bateman, Coley, Yospin, Kunzman, Davis, Lehrer & Flaum
Attorneys at Law
15 Mountain Boulevard
Warren, New Jersey 07059-5686

Official Depository

Fulton Bank of New Jersey
103 West End Avenue
Somerville, NJ 08876

Somerset County Vocational & Technical Schools
Organizational Chart



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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Somerset County Vocational and Technical School District
County of Somerset
Bridgewater, New Jersey 08807

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 Somerset County Vocational and Technical School District, in the County of Somerset, State of 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 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, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the audit requirements of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards and provisions 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.

SUPLEE, CLOONEY & COMPANY

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, for the year ended June 30, 2023, the District adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the State of New Jersey OMB Circular 15-08 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 generally accepted auditing standards, the State of New Jersey OMB Circular 15-08 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.

SUPLEE, CLOONEY & COMPANY

- Conclude whether, in our judgment, 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibits M-1 and M-2 are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and data such as the combining statements and individual fund financial statements, and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

SUPLEE, CLOONEY & COMPANY


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 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 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.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

December 4, 2023

REQUIRED SUPPLEMENTARY INFORMATION – Part I

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED**

This section of the Somerset County Vocational and Technical School's (SCVTS) Annual Comprehensive Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments. Certain comparative information between the current fiscal year and the prior fiscal year is presented in the MD&A. In fiscal year 2023 the District implemented GASB Statement No. 96- SBITAS.

Financial Highlights

- Revenue from governmental activities accounted for \$24,123,618.30 or 99.46 percent of total school district revenue. The other 0.54 percent of revenue was generated by the business type activities.
- On-going capital projects continued in 2022-2023 including preliminary planning for a career technology education building for \$23,000,000.00 funded by the County, \$5,750,000.00 and the State \$17,250,000.00.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and supplementary Government-Wide Financial Statements

District-wide Financial Statements

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

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

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
UNAUDITED**

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

Fund Financial Statements

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

The District maintains two funds types:

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

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

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund and capital projects fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund and special revenue. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget.

Proprietary funds. The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the district-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program.

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BRIDGEWATER, NEW JERSEY**

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Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with governmental funds and enterprise funds are presented immediately following the notes to the basic financial statements.

Financial Highlights- District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$34,728,283.00 at the close of fiscal year 2023. The majority of this is net investment in capital assets. The overall change in net position was \$4,180,791.14.

Key financial Highlights for the 2022-2023 fiscal year include the following:

- The State withheld both of the June fiscal year state aid payments until July 2023.
- The state aid to the District remained the same in 2022-2023 as in 2021-2022.
- The District began planning for a career technology education building to be funded by the County, \$5,750,000.00 and the State, \$17,250,000.00.

Financial Analysis of the District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 below reflects the District's net position as a whole. Table 2 reflects the changes in net position from operating results.

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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UNAUDITED**

**Table 1
Condensed Statement of Net Position**

	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2022</u>	Percentage <u>Change</u>
Current and							
Other Assets	\$15,114,152.74	\$10,601,769.59	\$16,562.82	\$29,741.38	\$15,130,715.56	\$10,631,510.97	42.32%
Capital Assets	<u>27,469,012.33</u>	<u>28,830,998.63</u>	<u>14,667.02</u>	<u>17,207.42</u>	<u>27,483,679.35</u>	<u>28,848,206.05</u>	-4.73%
Total Assets	<u>42,583,165.07</u>	<u>39,432,768.22</u>	<u>31,229.84</u>	<u>46,948.80</u>	<u>42,614,394.91</u>	<u>39,479,717.02</u>	7.94%
Deferred Outflows Related to Pensions	<u>704,453.00</u>	<u>554,898.00</u>			<u>704,453.00</u>	<u>554,898.00</u>	26.95%
Long-Term Liabilities	6,759,298.39	5,876,158.24			6,759,298.39	5,876,158.24	15.03%
Short-Term Liabilities	<u>1,107,902.15</u>	<u>1,294,571.34</u>	<u>18,911.37</u>	<u>13,870.59</u>	<u>1,126,813.52</u>	<u>1,308,441.93</u>	-13.88%
Total Liabilities	<u>7,867,200.54</u>	<u>7,170,729.58</u>	<u>18,911.37</u>	<u>13,870.59</u>	<u>7,886,111.91</u>	<u>7,184,600.17</u>	9.76%
Deferred Inflows Related to Pensions	<u>917,439.00</u>	<u>2,515,509.00</u>			<u>917,439.00</u>	<u>2,515,509.00</u>	-63.53%
Net Position:							
Net Investment in Capital							
Assets	25,999,012.33	27,225,998.63	14,667.02	17,207.42	26,013,679.35	27,243,206.05	-4.51%
Restricted	13,734,027.07	8,928,007.21			13,734,027.07	8,928,007.21	53.83%
Unrestricted (Deficit)	<u>(5,230,060.87)</u>	<u>(5,852,578.19)</u>	<u>(2,348.55)</u>	<u>15,870.79</u>	<u>(5,232,409.42)</u>	<u>(5,836,707.40)</u>	-10.35%
Total Net Position	<u>\$34,502,978.53</u>	<u>\$30,301,427.65</u>	<u>\$12,318.47</u>	<u>\$33,078.21</u>	<u>\$34,515,297.00</u>	<u>\$30,334,505.86</u>	13.78%

The largest portion of the District's net position is its net investment in capital assets. Restricted net position includes those items that are subject to external restrictions (e.g. for capital projects, maintenance reserves and excess fund balance in the general fund as well as student activities and scholarships in the special revenue fund).

Unrestricted net position increased from fiscal year 2022 to fiscal year 2023 and is a large deficit due to the implementation of GASB 68 in fiscal year 2015 and GASB 75 in fiscal year 2018.

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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**Table 2
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District	
	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2022</u>
Revenue:						
Program Revenue:						
Charges for Services	\$1,645,713.02	\$1,558,947.05	\$71,296.42	\$12,159.30	\$1,717,009.44	\$1,571,106.35
Operating Grants and Contributions	2,913,580.88	4,182,371.91	57,983.85	173,521.63	2,971,564.73	4,355,893.54
General Revenue:						
Property Taxes	12,160,892.00	12,160,892.00			12,160,892.00	12,160,892.00
Federal and State Aid	1,433,212.00	5,171,124.00			1,433,212.00	5,171,124.00
County	5,750,000.00	275,000.00			5,750,000.00	
Other	220,220.40	132,474.34	1,383.68		221,604.08	132,474.34
Total Revenue	<u>24,123,618.30</u>	<u>23,480,809.30</u>	<u>130,663.95</u>	<u>185,680.93</u>	<u>24,254,282.25</u>	<u>23,391,490.23</u>
Expenses:						
Instruction	9,987,064.21	10,231,955.29			9,987,064.21	10,231,955.29
Student & Instructional Support Services	4,438,476.84	4,257,861.35			4,438,476.84	4,257,861.35
Administrative and Business	3,190,218.37	3,325,604.46			3,190,218.37	3,325,604.46
Maintenance & Operations	2,146,901.67	2,119,836.43			2,146,901.67	2,119,836.43
Transportation	86,594.33	84,717.46			86,594.33	84,717.46
Other			151,423.69	192,832.30	151,423.69	192,832.30
Total Expenses	<u>19,849,255.42</u>	<u>20,019,974.99</u>	<u>151,423.69</u>	<u>192,832.30</u>	<u>20,000,679.11</u>	<u>20,212,807.29</u>
Canceled receivable	(15,765.55)				(15,765.55)	
Disposal capital assets	(57,046.45)				(57,046.45)	
Increase/(Decrease) in Net Position	<u>\$4,201,550.88</u>	<u>\$3,460,834.31</u>	<u>(\$20,759.74)</u>	<u>(\$7,151.37)</u>	<u>\$4,180,791.14</u>	<u>\$3,178,682.94</u>

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Sources of Revenue

The SCVTS's total revenue for the 2022-2023 school year was \$24,254,282.25 as reflected in Table 3 below. Property taxes accounted for 50.14 percent of the total revenue with the other 49.86 percent consisting of state and federal aid, charges for services, county support and miscellaneous sources.

Table 3

<u>Sources of Revenue</u>	<u>FY 2023</u>		<u>FY 2022</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$12,160,892.00	50.14%	\$12,160,892.00	51.38%
Operating Grants & Contributions	2,971,564.73	12.25%	4,355,893.54	18.41%
Federal & State aid not restricted	1,433,212.00	5.91%	5,171,124.00	21.85%
Charges for Services	1,717,009.44	7.08%	1,571,106.35	6.64%
County	5,750,000.00	23.71%	275,000.00	1.16%
Other	221,604.08	0.91%	132,474.34	0.56%
	<u>\$24,254,282.25</u>	<u>100.00%</u>	<u>\$23,666,490.23</u>	<u>100.01%</u>

Expenses

The total expenditures for the 2022-2023 fiscal year for all programs and services were \$20,000,679.11. Table 4 on the next page summarizes these program costs. The SCVTS's expenses are predominantly related to instructing and providing services and transportation for students grades nine through twelve and post-secondary, which accounts for 72.56 percent of the total SCVTS costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and High School Administrative Office. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include costs of the business-type activities of the proprietary funds. Depreciation expense on capital assets is included in expenses for the year. The total depreciation for the year was \$1,742,526.44.

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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**Table 4
Expenses**

<u>Expense Category</u>	<u>FY 2023</u>		<u>FY 2022</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$9,987,064.21	49.93%	\$10,231,955.29	50.62%
Student & Instruction Services	4,438,476.84	22.19%	4,257,861.35	21.07%
Administrative and Business	3,190,218.37	15.95%	3,325,604.46	16.45%
Maintenance & Operations	2,146,901.67	10.73%	2,119,836.43	10.49%
Transportation	86,594.33	0.43%	84,717.46	0.42%
Other	151,423.69	0.77%	192,832.30	0.95%
	<u>\$20,000,679.11</u>	<u>100.00%</u>	<u>\$20,212,807.29</u>	<u>100.00%</u>

**Table 5
Net Cost**

Table 5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of seven major district activities: instruction, student and instructional services, administration and business, maintenance and operations, transportation, special schools, and other. The net cost shows the financial burden placed on the SCVTS's taxpayers and the state by each of these functions.

<u>Expense Category</u>	<u>FY 2023</u>		<u>FY 2022</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$7,213,282.56	47.11%	\$6,667,462.38	46.67%
Student & Instruction Services	2,834,853.41	18.51%	2,361,292.74	16.53%
Administrative and Business	3,008,329.55	19.65%	3,045,347.04	21.32%
Maintenance & Operations	2,146,901.67	14.02%	2,119,836.43	14.84%
Transportation	86,594.33	0.57%	84,717.44	0.59%
Other	22,143.42	0.14%	7,151.37	0.05%
	<u>\$15,312,104.94</u>	<u>100.00%</u>	<u>\$14,285,807.40</u>	<u>100.00%</u>

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
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Capital Assets

During the fiscal year 2022-2023 the SCVTS's depreciation expense exceeded capital acquisitions, therefore capital assets net of depreciation increased. Table 6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

**Table 6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	Percentage Change
Construction in Progress	\$163,597.82	\$1,369,293.48			\$163,597.82	\$1,369,293.48	-88.05%
Site Improvements	461,507.76	510,129.90			461,507.76	\$510,129.90	-9.53%
Building and Building Improvements	25,145,432.92	25,140,899.98			25,145,432.92	25,140,899.98	0.02%
Machinery and Equipment	1,698,473.83	1,810,675.27	\$14,667.02	\$17,207.42	1,713,140.85	1,827,882.69	-6.28%
Total Assets	\$27,469,012.33	\$28,830,998.63	\$14,667.02	\$17,207.42	\$27,483,679.35	\$28,848,206.05	-4.73%

Debt Administration

At June 30, 2023 the District had \$6,894,298.39 of outstanding long-term debt, consisting of compensated absences, pension liability and an esip contract owed to the county. The SCVTS will continue to pay down its debt, as the obligations are due. Table 7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the SCVTS's long-term debt is presented in Note 4 to the financial statements.

**Table 7
Outstanding Long-term Debt**

	Total School Debt		Total
	FY 2023	FY 2022	Percentage Change
Pension Liability	\$4,649,978.00	\$3,689,591.00	26.03%
ESIP Contract	1,470,000.00	1,605,000.00	-8.41%
Compensated Absences	774,320.39	716,567.24	8.06%
	\$6,894,298.39	\$6,011,158.24	14.69%

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Instruction expenses include activities directly dealing with the teaching of students and the interaction between teacher and student, including extracurricular activities.

Students and instruction related include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, central services and administration of technology include expenses associated with administrative and financial management of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings and equipment in an effective operating condition.

Student transportation includes school activities and athletic events, as provided by state law.

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the general fund. During the fiscal year there were differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BRIDGEWATER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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The District's Future

The Somerset County Vocational-Technical School District provides career, technical and educational programs, courses and services to a variety of student populations in our County and to some extent neighboring counties.

Our graduates attend colleges, universities and career technical schools or are engaged in full time employment or enter the military.

Through the efforts of established public and private partnerships, advisory committees and memberships in a variety of business and civic organizations, the relationship we enjoy with the business community continues to flourish. Many of our students benefit from training and employment opportunities generated through these partnerships.

Progress has been achieved in a number of areas including updating several career and technical programs through modified curricula and facility upgrades. Capital spending includes various cost effective and efficient building upgrades and modifications designed to reduce our future energy consumption and increase staff and student safety and security.

In addition, we continue to redesign our academic programs by expanding the breath and scope of our curriculum to attract more students geared to high need/ high skill/ and high demand career pathways. Articulation agreements with various institutions of higher education have increased the academic rigor of our programs and provided broader post-secondary options for students. The addition of English Language Arts/Literacy and Mathematics honors courses and supplemental English and Math activities infused in the career technical courses furthers our success in increasing academic rigor relative to industry standards.

Future endeavors include continuing to enhance career development through joint programming with Raritan Valley Community College (RVCC). Collaboration with them allows students to fulfill their post-secondary needs and enter the workforce with the relevant employment skills businesses are looking for, in well-paying technical jobs. Often an industry credential or two year post-secondary education is all that is needed to fill jobs that are currently in demand. As more students and their families are opting not to consider college after high school, job-readiness and industry certification are something SVTS will look to increase moving forward.

**SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
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Due to the Securing Our Children's Future Bond act in 2020, we will open a new CTE building in September 2025. This has been and will continue to be the focus of the immediate future for SCVTS in terms course expansion and increasing enrollment. In addition we received an additional \$3.6 million in state money for an auxiliary gym which will be built simultaneously with the new CTE building.

We also will continue to increase our network and data systems security and redundancy to address the growing concerns over cyber-security and risk-management of our intellectual assets. Most of our business and academic software services are now cloud-based which reduces some of the in-house IT responsibility. Due to eliminating two administrative position in FY23, there is an increase in responsibility among a relatively small group of administrators.

Contacting the School District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the SCVTS's finances and to show the SCVTS's accountability for the money it receives. If you have any questions about this report or need additional information, contact Raelene Sipple, School Business Administrator/Board Secretary, Somerset County Vocational Technical Schools, 14 Vogt Drive, Bridgewater, NJ 08807.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2023.

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall district. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

SOMERSET COUNTY VOCATIONAL-TECHNICAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$1,692,461.82	\$16,876.72	\$1,709,338.54
Receivables, net	8,113,612.08	2,654.80	8,116,266.88
Internal balances	7,000.00	(7,000.00)	
Inventory		4,031.30	4,031.30
Restricted assets:			
Cash and cash equivalents	5,301,078.84		5,301,078.84
Capital Assets			
Capital assets not being depreciated	163,597.82		163,597.82
Other capital assets, net	27,305,414.51	14,667.02	27,320,081.53
Total Assets	42,583,165.07	31,229.84	42,614,394.91
DEFERRED OUTFLOWS:			
Related to pensions	704,453.00		704,453.00
Total Deferred Outflows	704,453.00		704,453.00
LIABILITIES			
Accounts payable	601,391.55	6,297.28	607,688.83
Payroll deductions payable	223,894.44		223,894.44
Payable to federal government	13,004.39		13,004.39
Payable to state government	108,511.77		108,511.77
Accrued interest payable	26,100.00		26,100.00
Unearned revenue		12,614.09	12,614.09
Noncurrent liabilities:			
Due within one year	135,000.00		135,000.00
Due beyond one year:			
Net pension liability	4,649,978.00		4,649,978.00
ESIP contract payable	1,335,000.00		1,335,000.00
Compensated absences payable	774,320.39		774,320.39
Total liabilities	7,867,200.54	18,911.37	7,886,111.91
DEFERRED INFLOWS:			
Related to pensions	917,439.00		917,439.00
Total Deferred Inflows	917,439.00		917,439.00
NET POSITION			
Net investment in capital assets	25,999,012.33	14,667.02	26,013,679.35
Restricted for:			
Special revenue fund	214,370.98		214,370.98
Capital projects fund	12,159,470.26		12,159,470.26
Other purposes	1,360,185.83		1,360,185.83
Unrestricted (deficit)	(5,230,060.87)	(2,348.55)	(5,232,409.42)
Total net position	\$34,502,978.53	\$12,318.47	\$34,515,297.00

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
STATEMENT OF ACTIVITIES
JUNE 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	INDIRECT EXPENSES ALLOCATION	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
			CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular	\$2,163,848.63	\$1,308,033.69	\$157,441.25	\$562,316.57	(\$2,752,124.50)		(\$2,752,124.50)
Vocational	3,825,919.34	2,323,042.65	1,143,046.25	875,914.22	(4,130,001.52)		(4,130,001.52)
Other	249,712.28	116,507.62		35,063.36	(331,156.54)		(331,156.54)
Support services:							
Student and instruction related services	3,102,673.40	1,335,803.44	345,225.52	1,258,397.91	(2,834,853.41)		(2,834,853.41)
General administrative services	772,394.01	68,044.79			(840,438.80)		(840,438.80)
School administrative services	806,245.62	523,200.30		181,888.82	(1,147,557.10)		(1,147,557.10)
Central services	451,391.68	25,613.10			(477,004.78)		(477,004.78)
Administration information technology	514,923.03	28,405.84			(543,328.87)		(543,328.87)
Plant operations and maintenance	1,923,022.75	223,878.92			(2,146,901.67)		(2,146,901.67)
Student transportation services	80,504.91	6,089.42			(86,594.33)		(86,594.33)
Unallocated benefits	4,218,653.73	(4,218,653.73)					
Unallocated Depreciation	1,739,968.04	(1,739,968.04)					
Total governmental activities	19,849,255.42		1,645,713.02	2,913,580.88	(15,289,961.52)		(15,289,961.52)
Business-type activities:							
Food service	151,423.69		71,296.42	57,983.85		(\$22,143.42)	(22,143.42)
Total business-type activities	151,423.69		71,296.42	57,983.85		(22,143.42)	(22,143.42)
Total primary government	\$20,000,679.11		\$1,717,009.44	\$2,971,564.73	(\$15,289,961.52)	(\$22,143.42)	(\$15,312,104.94)
General Revenues:							
Taxes:							
Property taxes - general					\$12,160,892.00		\$12,160,892.00
County of Somerset - restricted					5,750,000.00		5,750,000.00
Federal and state aid not restricted					1,433,212.00		1,433,212.00
Miscellaneous income					220,220.40	\$1,383.68	221,604.08
Total general revenues					19,564,324.40	1,383.68	19,565,708.08
Disposal of capital assets					(57,046.45)		(57,046.45)
Canceled accounts receivable					(15,765.55)		(15,765.55)
					(72,812.00)		(72,812.00)
Change in net position					4,201,550.88	(20,759.74)	4,180,791.14
Net Position - beginning					30,301,427.65	33,078.21	30,334,505.86
Net Position- ending					\$34,502,978.53	\$12,318.47	\$34,515,297.00

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

MAJOR FUND FINANCIAL STATEMENTS
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The Individual fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS AND OTHER DEBITS:				
Assets:				
Cash and cash equivalents	\$1,525,246.22	\$89,088.16	\$78,127.44	\$1,692,461.82
Accounts receivable:				
Federal		253,128.44		253,128.44
State	47,876.84	58,445.74		106,322.58
Other	220,330.42			220,330.42
County			7,533,830.64	7,533,830.64
Interfund	148,880.83			148,880.83
Restricted cash and cash equivalents:				
Cash, capital reserve account	4,689,393.01			4,689,393.01
Cash, maintenance reserve account	611,685.83			611,685.83
Total assets	<u>7,243,413.15</u>	<u>400,662.34</u>	<u>7,611,958.08</u>	<u>15,256,033.57</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	119,870.35	64,775.20		184,645.55
Intergovernmental payable - state		108,511.77		108,511.77
Intergovernmental payable - federal		13,004.39		13,004.39
Interfunds payable			141,880.83	141,880.83
Payroll deductions payable	223,894.44			223,894.44
Total liabilities	<u>343,764.79</u>	<u>186,291.36</u>	<u>141,880.83</u>	<u>671,936.98</u>
Fund balances:				
Restricted for:				
Maintenance reserve	611,685.83			611,685.83
Capital projects reserve	4,689,393.01			4,689,393.01
Excess surplus designated for subsequent years expenditures	410,500.00			410,500.00
Excess surplus - current year	338,000.00			338,000.00
Capital projects fund			6,145,125.07	6,145,125.07
Scholarships		52,718.61		52,718.61
Student activities		161,652.37		161,652.37
Committed:				
Year-end encumbrances			1,324,952.18	1,324,952.18
Assigned:				
Year-end encumbrances	39,183.05			39,183.05
Unassigned:				
General fund	810,886.47			810,886.47
Total fund balances	<u>6,899,648.36</u>	<u>214,370.98</u>	<u>7,470,077.25</u>	<u>14,584,096.59</u>
Total liabilities and fund balances	<u>\$7,243,413.15</u>	<u>\$400,662.34</u>	<u>\$7,611,958.08</u>	<u>\$15,256,033.57</u>

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Total Fund Balances (Brought Forward)		\$14,584,096.59
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.		
Cost of Assets	\$53,146,572.34	
Accumulated Depreciation	<u>(25,677,560.01)</u>	
		27,469,012.33
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Net pension liability	(4,649,978.00)	
Leases payable- ESIP	(1,470,000.00)	
Compensated absences payable	<u>(774,320.39)</u>	
		(6,894,298.39)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Pensions:		
Deferred Outflows:		
Pension related		704,453.00
Deferred Inflows:		
Pension related		(917,439.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accrued interest payable	(26,100.00)	
Accounts payable - pension related	<u>(416,746.00)</u>	
		<u>(442,846.00)</u>
Net Position of Governmental Activities		<u>\$34,502,978.53</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Local sources:				
County tax levy	\$12,160,892.00			\$12,160,892.00
County of somerset			\$5,750,000.00	5,750,000.00
Tuition from lea's	1,300,487.50			1,300,487.50
Miscellaneous- unrestricted	220,220.40			220,220.40
Miscellaneous- restricted		376,274.65		376,274.65
Total revenues-local sources	13,681,599.90	376,274.65	5,750,000.00	19,807,874.55
State sources	4,798,806.36	524,489.16		5,323,295.52
Federal sources		499,246.23		499,246.23
Total revenues	18,480,406.26	1,400,010.04	5,750,000.00	25,630,416.30
EXPENDITURES:				
Current expense:				
Instruction:				
Regular	2,049,039.78	114,808.85		2,163,848.63
Vocational	3,746,095.84	79,823.50		3,825,919.34
Other instruction	249,712.28			249,712.28
Support services:				
Student and instruction related services	1,784,547.99	1,103,787.41		2,888,335.40
General administrative services	772,394.01			772,394.01
School administrative services	806,245.62			806,245.62
Central services	451,391.68			451,391.68
Administration information technology	514,923.03			514,923.03
Plant operations and maintenance	2,061,397.75			2,061,397.75
Student transportation services	80,504.91			80,504.91
Employee benefits	6,426,746.58			6,426,746.58
Capital outlay	284,319.31	127,542.05	237,502.82	649,364.18
Total expenditures	19,227,318.78	1,425,961.81	237,502.82	20,890,783.41
Excess (deficiency) of revenues over (under) expenditures	(746,912.52)	(25,951.77)	5,512,497.18	4,739,632.89
Other financing sources (uses):				
Canceled receivables	(15,765.55)			(15,765.55)
Total financing sources (uses):	(15,765.55)			(15,765.55)
Net change in fund balances	(762,678.07)	(25,951.77)	5,512,497.18	4,723,867.34
Fund balances, July 1, 2022	7,662,326.43	240,322.75	1,957,580.07	9,860,229.25
Fund balances, June 30, 2023	\$6,899,648.36	\$214,370.98	\$7,470,077.25	\$14,584,096.59

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

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

Total net change in fund balances - governmental funds (from B-2)		\$4,723,867.34
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.		
Depreciation expense	(\$1,739,966.04)	
Capital outlays	649,364.18	
Capital outlays not capitalized	<u>(214,338.00)</u>	
		(1,304,939.86)
Repayment of long-term debt 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.		
Payment of leases payable- ESIP		135,000.00
In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. thus, the change in net position will differ from the change in fund balance by the cost of the asset removed.		(57,046.45)
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		3,375.00
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
District pension contributions	388,556.00	
Add: Pension benefit	<u>370,492.00</u>	
		759,048.00
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		<u>(57,753.15)</u>
Change in net position of governmental activities		<u>\$4,201,550.88</u>

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

OTHER FUNDS

EXHIBIT "B-4"

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND FOOD SERVICE FUND</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$16,876.72
Accounts receivable:	
State	70.24
Federal	2,500.85
Other	83.71
Inventories	<u>4,031.30</u>
Total current assets	<u>23,562.82</u>
Noncurrent assets	
Furniture, machinery and equipment	67,282.70
Less: Accumulated depreciation	<u>(52,615.68)</u>
Total noncurrent assets	<u>14,667.02</u>
Total assets	<u>38,229.84</u>
LIABILITIES:	
Current liabilities:	
Interfunds Payable	7,000.00
Unearned revenue	12,614.09
Accounts Payable	<u>6,297.28</u>
Total current liabilities	<u>25,911.37</u>
NET POSITION:	
Net investment in capital assets	14,667.02
Unrestricted (deficit)	<u>(2,348.55)</u>
Total net position	<u><u>\$12,318.47</u></u>

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND <u>FOOD SERVICE FUND</u>
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs	\$48,824.00
Daily sales non-reimbursable programs	22,472.42
Other	1,383.68
Total operating revenue	<u>72,680.10</u>
OPERATING EXPENSES:	
Salaries	40,398.84
Employee benefits and taxes	12,117.34
Management fee/ purchased services	13,713.25
Supplies	11,585.01
Other	2,488.72
Depreciation	2,540.40
Cost of sales - reimbursable programs	39,314.12
Cost of sales - non-reimbursable programs	29,266.01
Total operating expenses	<u>151,423.69</u>
Operating Income/(loss)	<u>(78,743.59)</u>
Nonoperating revenues:	
State sources:	
State school lunch program	1,191.00
State school breakfast program	117.00
Federal sources:	
National school lunch program	27,841.12
National school breakfast program	5,364.72
National food distribution commodities	9,342.77
P-EBT Administrative Costs	653.00
COVID supply chain assistance	13,474.24
Total nonoperating revenues	<u>57,983.85</u>
Net income	(20,759.74)
Net position - July 1	<u>33,078.21</u>
Net position - June 30	<u><u>\$12,318.47</u></u>

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND <u>FOOD</u> <u>SERVICE</u> <u>FUND</u>
Cash flows from operating activities:	
Receipts from customers	\$72,679.43
Payments to employees	(38,036.28)
Payments for employee benefits/other	(11,405.71)
Payments to suppliers	(94,170.22)
Net cash provided (used) by operating activities	(70,932.78)
Cash flows from noncapital financing activities:	
State sources	1,764.55
Federal sources	82,796.05
Net cash provided (used) by noncapital financing activities	84,560.60
Net increase(decrease) in cash and cash equivalents	13,627.82
Cash and cash equivalents, July 1	3,248.90
Cash and cash equivalents, June 30	\$16,876.72
Operating Income/(loss)	(\$78,743.59)
Adjustments to reconcile operating income (loss)	
to cash provided (used) by operating activities:	
Depreciation and net amortization	2,540.40
Change in assets and liabilities:	
(Increase) Decrease in inventory	191.94
Increase (Decrease) in unearned revenue	9,011.27
(Increase) Decrease in accounts receivable	37.69
Increase (Decrease) in accounts payable	(3,970.49)
Net cash provided (used) by operating activities	(\$70,932.78)

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Somerset County Vocational and Technical Schools have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

Reporting Entity

The Somerset County Vocational and Technical School is a Type I District located in Somerset County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board of Education of the Somerset County Vocational and Technical School consists of five (5) members; four (4) members are appointed by the Somerset County Board of Chosen Commissioners and one (1) statutory member, who is the Somerset County Superintendent of Schools. These officials are 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 primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include vocational, alternative and academy classes. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

District-Wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category – governmental and proprietary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are specifically authorized by the Somerset County Board of Freeholders.

Proprietary Fund

Enterprise Fund (Food Service) - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service 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 and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide and Proprietary Fund Financial Statements: The District-Wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Val Orem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April 2013 school Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. All budget amendments and transfers must be approved by School Board resolution. 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.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year 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 generally accepted accounting principles with the exception of the legally mandated recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

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

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

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The Interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district- wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

Compensated Absences

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

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

For the District-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Fund Balance and Net Position

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designation of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the proprietary fund.

Unearned Revenue

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is allowable under generally accepted accounting principles.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions 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. Bonds are recognized as a liability on the fund financial statements when due.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Maintenance Reserve, Scholarships, Student activities and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education. The District reports amounts Designated for Subsequent Year's Expenditures and Capital Projects Fund Encumbrances as Committed Fund Balance.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances as Assigned Fund Balance.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Unassigned -is the residual classification for 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 should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the revenue is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise funds are charges to customers for sales of food service and the before and after school care program. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items

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

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.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

In the District-Wide financial statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the Governmental Fund financial statements the year end net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The governmental fund financial statements reflect both a revenue and expense for this pension contribution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pensions.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lease receivables are measured at the present value of the lease payments expected to be received during the lease term. The District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expensed as incurred and these leases are not included as lease liabilities or right-to-use assets on the statements of net position.

Right to Use Assets

Right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized in a systematic and rational manner over the life of the related lease.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, deposits in the government money market account, and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), 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 the deposits to the governmental unit.

The Somerset County Vocational and Technical School District had the following cash and cash equivalents at June 30, 2023.

	Cash in <u>Bank</u>	<u>Additions</u>	<u>Deletions</u>	Reconciled <u>Balance</u>
Governmental Funds	\$7,514,974.61	\$2,890.00	\$524,323.95	\$6,993,540.66
Proprietary Fund	19,673.02	65.00	2,861.30	16,876.72
	<u>\$7,534,647.63</u>	<u>\$2,955.00</u>	<u>\$527,185.25</u>	<u>\$7,010,417.38</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2023, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$266,973.15 was covered by Federal Depositary Insurance and \$7,250,701.33 was covered by NJGUDPA.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts.
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
- a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and;
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2023, the District had \$16,973,15 in short term certificates of deposit. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the District is generally not exposed to credit risks and interest rate risks for its investment nor is it exposed to foreign currency risk for its deposits and investments.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 3: CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Construction in progress	\$1,369,293.48	\$237,502.82	(\$1,443,198.48)	\$163,597.82
Total capital assets that are not depreciated	<u>1,369,293.48</u>	<u>237,502.82</u>	<u>(1,443,198.48)</u>	<u>163,597.82</u>
Capital assets being depreciated:				
Land Improvements	\$1,502,532.08			1,502,532.08
Building and building improvements	43,894,085.63		\$1,401,671.50	45,295,757.13
Machinery and equipment	6,002,681.42	197,523.36	(\$15,519.47)	6,184,685.31
Total capital assets being depreciated	<u>51,399,299.13</u>	<u>197,523.36</u>	<u>1,386,152.03</u>	<u>52,982,974.52</u>
Total gross assets	52,768,592.61	435,026.18	(57,046.45)	53,146,572.34
Less: accumulated depreciation for:				
Land Improvements	(992,402.18)	(48,622.14)		(1,041,024.32)
Building and building improvements	(18,753,185.65)	(1,397,138.56)		(20,150,324.21)
Machinery and equipment	(4,192,006.14)	(294,205.34)		(4,486,211.48)
	<u>(23,937,593.97)</u>	<u>(1,739,966.04)</u>		<u>(25,677,560.01)</u>
Total Capital Assets, being depreciated, net	<u>27,461,705.16</u>	<u>(1,542,442.68)</u>	<u>1,386,152.03</u>	<u>27,305,414.51</u>
Governmental activities capital assets, net	<u>\$28,830,998.64</u>	<u>(\$1,304,939.86)</u>	<u>(\$57,046.45)</u>	<u>\$27,469,012.33</u>
Business type activities:				
Machinery and equipment	\$71,575.17			\$71,575.17
Less: accumulated depreciation	(54,367.75)	(2,540.40)		(56,908.15)
Business type activities capital assets, net	<u>\$17,207.42</u>	<u>(\$2,540.40)</u>		<u>\$14,667.02</u>

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)

Depreciation Expense was charged to governmental expenses as follows:

Instruction:	
Regular	(\$252,165.85)
Vocational	(461,014.68)
Other	(30,730.93)
Support Services:	
Support student services	(406,485.09)
General administrative services	(95,054.96)
School administrative services	(99,220.92)
Central services	(55,550.69)
Administrative technology	(63,369.19)
Plant operations and maintenance	(265,789.02)
Transportation	(10,584.71)
	<u>(\$1,739,966.04)</u>

NOTE 4: LONG-TERM DEBT

Bonds are issued by the County of Somerset pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the Somerset County Board of School Estimates. Type I School Bonds are issued by the County of Somerset and the proceeds are recorded in the records of the County. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

At June 30, 2023, the District had no bonded debt or bonds or notes authorized but not issued.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 4: LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2023.

	<u>Net Pension Liability</u>	<u>ESIP Payable</u>	<u>Compensated Absences Payable</u>	<u>Total</u>
Balance, July 1, 2022	\$3,689,591.00	\$1,605,000.00	\$716,567.24	\$6,011,158.24
Net Change	<u>960,387.00</u>	<u>(135,000.00)</u>	<u>57,753.15</u>	<u>883,140.15</u>
Balance, June 30, 2023	<u>\$4,649,978.00</u>	<u>\$1,470,000.00</u>	<u>\$774,320.39</u>	<u>\$6,894,298.39</u>
Due within One Year		<u>\$135,000.00</u>		<u>\$135,000.00</u>

The District has entered into an agreement for an Energy Savings Improvement Program through an Installment Purchase Agreement at a variable interest rate. The following is the annual payment schedule summarizing amounts due each year for principal and interest.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$135,000.00	\$48,825.00	\$183,825.00
2025	135,000.00	42,075.00	177,075.00
2026	135,000.00	35,325.00	170,325.00
2027	135,000.00	29,925.00	164,925.00
2028	135,000.00	25,875.00	160,875.00
2029	135,000.00	21,825.00	156,825.00
2030	135,000.00	17,775.00	152,775.00
2031	135,000.00	13,725.00	148,725.00
2032	130,000.00	9,750.00	139,750.00
2033	130,000.00	5,850.00	135,850.00
2034	<u>130,000.00</u>	<u>1,950.00</u>	<u>131,950.00</u>
	<u>\$1,470,000.00</u>	<u>\$252,900.00</u>	<u>\$1,722,900.00</u>

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 5: PENSION PLANS

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

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

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

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 5: PENSION PLANS (CONTINUED)

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. As of April 1, 2018, employee contributions rates were increased to 7.50%

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 5: PENSION PLANS (CONTINUED)

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of New Jersey makes the employer contribution on behalf of public school districts).

<u>Year</u> <u>June 30,</u>	<u>Three-Year Trend Information for PERS</u>		<u>Net Pension</u> <u>Obligation</u>
	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	
2023	\$388,556.00	100.00%	\$388,556.00
2022	364,744.00	100.00%	364,744.00
2021	348,136.00	100.00%	348,136.00

During the fiscal years ended June 30, 2023, 2022 and 2021, the State of New Jersey contributed \$2,271,040.00, \$2,269,017.00 and \$1,659,386.00, respectively to the TPAF pension system on behalf of the District.

Also, during the fiscal year ended June 30, 2023, 2022 and 2021 the State of New Jersey contributed \$762.00, \$747.00 and \$867.00, respectively to the TPAF long term disability insurance fund on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66, during the years ended June 30, 2023, 2022 and 2021, the State of New Jersey reimbursed the District \$497,195.36, \$470,447.34 and \$502,941.68, respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2023, the State reported a net pension liability of \$4,649,978.00 for the District's proportionate share of the total net pension liability. 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 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 employers, actuarially determined. At June 30, 2022, the District's proportion was 0.0308121494 percent, which was a decrease of 0.0003328379 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized a pension benefit of \$370,494.00 in the government-wide financial statements. This pension benefit was based on the pension plan's June 30, 2022 measurement date.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$33,561.00	\$29,596.00
Changes of assumptions	14,407.00	696,286.00
Net difference between projected and actual earnings on pension plan investments	192,458.00	
Changes in proportion and differences between District contributions and proportionate share of contributions	47,281.00	191,557.00
District contributions subsequent to the measurement date	<u>416,746.00</u>	<u> </u>
	<u>\$704,453.00</u>	<u>\$917,439.00</u>

The \$416,746.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Other local amounts reported by the State as the District's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2023	(\$427,725.20)
2024	(232,066.20)
2025	(127,957.20)
2026	187,347.80
2027	(29,331.20)
	<u>(\$629,732.00)</u>

Actuarial Assumptions

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.75-6.55%
	Based on
	Years of Service
Investment Rate of Return	7.00%

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 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.
Scale MP-2020.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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

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

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

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability of the participating employers as of June 30, 2022 respectively, calculated using the discount rate as disclosed above as well as what the District's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2022		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the pension liability	\$5,973,859.00	\$4,649,978.00	\$3,523,301.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF)

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2023 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share	
associated with the District	<u>\$28,042,165.00</u>
	<u>\$28,042,165.00</u>

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 June 30, 2021 which was rolled forward to June 30, 2022. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2022, the proportion of the TPAF net pension liability associated with the District was .0543511624% which was an increase of .0287492656 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue of \$754,693.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2022 measurement date.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases	1.55%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rate

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return (Continued)

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT
BENEFITS OTHER THAN PENSIONS - GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, which 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, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. Therefore, these local participating 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. According to N.J.S.A. 52:14-17.32f, 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: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement 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.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	151,669
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>364,817</u>

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Non-Employer OPEB Liability

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2023 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	<u>29,532,181</u>
	<u><u>\$29,532,181</u></u>

The total Non-Employer 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 total Non-Employer OPEB liability was determined separately based on actual data of the District.

For the year ended June 30, 2023, the District recognized on-behalf post-employment expense and revenue of \$606,146.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2022 measurement date.

At June 30, 2023, the District's proportion was .0583104511 percent, which was a decrease of .0013627713 from its proportion measured as of June 30, 2022.

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, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

The total Non-Employer OPEB liability that was associated with the District 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:

	<u>June 30, 2022</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases	2.75-4.25%*	2.75-6.55%*	3.25-16.25%*

*- Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (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 eight 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 used to measure the total OPEB liability was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-Employer OPEB Liability

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2021 to June 30, 2022.

Balance at 6/30/21		\$35,808,499
Changes for the year:		
Service cost	\$1,376,928	
Interest	782,635	
Changes of Benefit Terms		
Differences between expected and actual experience	236,745	
Changes in assumptions or other inputs	(7,922,273)	
Membership Contributions	24,870	
Benefit payments - Net	(775,223)	
Net changes		<u>(6,276,318)</u>
Balance at 6/30/22		<u><u>\$29,532,181</u></u>

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2022		
	1.00% <u>Decrease (2.54%)</u>	At Discount <u>Rate (3.54%)</u>	1.00% <u>Increase (4.54%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$34,711,972	\$29,532,181	\$25,380,837

Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2022		
	1.00% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1.00% <u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$24,410,153	\$29,532,181	\$36,260,276

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$5,272,666	\$9,016,516
Changes of assumptions	5,111,273	10,051,141
Changes in proportion	<u>628,341</u>	<u>1,518,627</u>
	<u>\$11,012,280</u>	<u>\$20,586,284</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability associated with the District will be recognized in OPEB expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Amount</u>
2023	(\$1,645,819)
2024	(1,645,819)
2025	(1,645,819)
2026	(1,446,572)
2027	(903,411)
Total Thereafter	<u>(2,286,563)</u>
	<u>(\$9,574,004)</u>

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability (Continued)

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

NOTE 8: LITIGATION

The District's attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the District and which might materially affect the District's financial position.

NOTE 9: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2022-2023 fiscal year were subject to the New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for state programs exceed \$750,000. Findings and questioned costs, if any, relative to state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 10: RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit an employer's match to the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State.

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023. All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$148,880.83	
Capital Projects Fund		141,880.83
Enterprise Fund		7,000.00
	<u>\$148,880.83</u>	<u>\$148,880.83</u>

NOTE 12: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans permit 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. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2023.

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 13: FUND BALANCE APPROPRIATED

General Fund – Of the \$6,899,648.36 General Fund fund balance at June 30, 2023, \$611,685.83 has been restricted in the Maintenance Reserve; \$4,689,393.01 is restricted in the Capital Reserve; \$748,500.00 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$410,500.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2024); There also was \$39,183.05 assigned for year-end encumbrances; and \$810,886.47 is unassigned.

NOTE 14: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004,c.73 (S1701), the designation for Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. Based on this calculation, the Somerset County Vocational and Technical School District has \$338,000.00 excess fund balance resulting from the year ended June 30, 2023.

General Fund Expenditures

Fiscal Year Ended June 30, 2023	\$19,227,318.78
Less:	
On-behalf TPAF Pension and Social Security Reimbursement	<u>3,365,594.36</u>
Adjusted General Fund Expenditures	15,861,724.42
Excess Surplus Percentage	<u>6.00%</u>
6% of Adjusted 2022-23 General Fund Expenditures	<u>951,703.47</u>
Maximum Unreserved/Undesignated Fund Balance	951,703.47
Actual Unreserved/Undesignated Fund Balance	<u>1,289,703.47</u>
Excess Surplus	<u><u>\$338,000.00</u></u>

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Somerset County Vocational and Technical Schools 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 as per N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A23A-14.1, by appropriating funds in the annual general fund budget certified for taxes. 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. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C.6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the capital reserve for withdrawal in subsequent school years. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the year ending June 30, 2023 year is as follows:

Balance, July 1, 2022	\$4,883,274.39
Add: Board resolution	<u>68.62</u>
	4,883,343.01
Less: Withdrawals - adopted budget	<u>(193,950.00)</u>
Balance, June 30, 2023	<u><u>\$4,689,393.01</u></u>

Somerset County Vocational and Technical Schools
Notes to the Financial Statements
June 30, 2023

NOTE 16: MAINTENANCE RESERVE

A maintenance reserve was established through a board resolution by the Somerset County Vocational and Technical Schools in the amount of \$250,000.00 in the 2015-2016 school year for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701). N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A:23A-14.2 permits districts, by board resolution, to transfer undesignated general fund balance to the maintenance reserve account if approved in the district's original budget certified for taxes or if the district received voter approval by a separate proposal at budget time or by special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C.6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the maintenance reserve for withdrawal in subsequent school years.

The activity of the maintenance reserve for the year ending June 30, 2023 year is as follows:

Balance, July 1, 2022	\$786,330.00
Less: Withdrawal by board resolution	<u>(174,644.17)</u>
Balance, June 30, 2023	<u><u>\$611,685.83</u></u>

NOTE 17: INVENTORY

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

Food and Supplies	<u><u>\$4,031.30</u></u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 18: SUBSEQUENT EVENTS

The Board of Education has evaluated subsequent events occurring after the financial statement date through December 4, 2023 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that no subsequent events needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION – Part II

BUDGETARY COMPARISON SCHEDULES

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Vocational programs local instruction:					
Salaries of teachers	\$3,227,503.00	\$94,378.68	\$3,321,881.68	\$3,312,600.35	\$9,281.33
Other salaries for instruction	51,466.00		51,466.00	48,429.35	3,036.65
Purchased professional-educational services	168,395.00	(58,947.00)	109,448.00	108,605.30	842.70
Other purchased services (400-500 series)	85,627.00	6,728.18	92,355.18	88,041.55	4,313.63
General supplies	274,956.43	(62,912.35)	212,044.08	178,332.31	33,711.77
Textbooks	12,800.00	(7,750.00)	5,050.00	1,012.64	4,037.36
Other objects	5,315.00	4,803.34	10,118.34	9,074.34	1,044.00
Total vocational programs local instruction	3,826,082.43	(23,699.15)	3,802,383.28	3,746,095.84	56,287.44
School Sponsored Co-Curricular Activities:					
Salaries	54,405.00	3,000.00	57,405.00	56,539.49	865.51
Purchased Services (300-500 series)	5,000.00	5,417.00	10,417.00	10,417.00	
Supplies and Materials	5,234.00	2,729.27	7,963.27	7,963.27	
Other Objects	5,000.00	(2,900.00)	2,100.00	2,049.00	51.00
Total School Sponsored Co-Curricular Activities	69,639.00	8,246.27	77,885.27	76,968.76	916.51
School Sponsored Athletics:					
Salaries	86,576.00	4,919.13	91,495.13	91,495.13	
Purchased services (300-500 Series)	41,750.00	(2,000.00)	39,750.00	39,687.00	63.00
Supplies and materials	14,000.00	6,009.62	20,009.62	19,992.16	17.46
Other objects	20,000.00	1,742.23	21,742.23	21,569.23	173.00
Total school sponsored athletics	162,326.00	10,670.98	172,996.98	172,743.52	253.46
Total other instructional programs	231,965.00	18,917.25	250,882.25	249,712.28	1,169.97
Total - instruction	6,125,929.37	(8,164.62)	6,117,764.75	6,044,847.90	72,916.85
Undistributed expenditures:					
Attendance and social work services:					
Salaries	31,655.00	(31,655.00)			
Salaries of Drop-Out Prevention Officer/Coordina		31,655.04	31,655.04	31,655.04	
Purchased professional and technical services	8,230.00		8,230.00	8,230.00	
Total attendance and social work services	39,885.00	0.04	39,885.04	39,885.04	
Health services:					
Salaries	197,228.00	2,356.68	199,584.68	199,584.24	0.44
Purchased professional and technical services	17,824.37	11,100.00	28,924.37	23,523.52	5,400.85
Other purchased services	860.00		860.00		860.00
Supplies and materials	10,700.00	(5,000.00)	5,700.00	2,571.85	3,128.15
Other objects	500.00	500.00	1,000.00	530.00	470.00
Total health services	\$227,112.37	\$8,956.68	\$236,069.05	\$226,209.61	\$9,859.44

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS

GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES:					
Local sources:					
Local tax levy	\$12,160,892.00		\$12,160,892.00	\$12,160,892.00	
Tuition from LEAs	1,412,400.00		1,412,400.00	1,300,487.50	(\$111,912.50)
Unrestricted miscellaneous revenues	25,000.00		25,000.00	220,220.40	195,220.40
Total local sources	13,598,292.00		13,598,292.00	13,681,599.90	83,307.90
State sources:					
Categorical special education aid	389,105.00		389,105.00	389,105.00	
Vocational expansion stabilization aid	712,851.00		712,851.00	712,851.00	
Equalization aid	261,881.00		261,881.00	261,881.00	
Categorical security aid	64,725.00		64,725.00	64,725.00	
Other state aid- lead water testing				4,650.00	4,650.00
Reimbursed TPAF social security contribution (non-budgeted)				497,195.36	497,195.36
On-behalf post retirement medical (non budgeted)				596,597.00	596,597.00
On-behalf TPAF pension contributions (non-budgeted)				2,239,963.00	2,239,963.00
On-behalf TPAF non contributory insurance (non-budgeted)				31,077.00	31,077.00
On-behalf long term disability insurance (non-budgeted)				762.00	762.00
Total state sources	1,428,562.00		1,428,562.00	4,798,806.36	3,370,244.36
Total revenues	\$15,026,854.00		\$15,026,854.00	\$18,480,406.26	\$3,453,552.26
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - Regular Programs:					
Salaries of teachers	\$1,767,524.00	\$73,396.03	\$1,840,920.03	\$1,836,939.13	\$3,980.90
Other salaries for instruction	97,549.00	(46,213.26)	51,335.74	51,335.74	
Purchased professional and technical services	14,000.00	(13,500.00)	500.00	500.00	500.00
Other purchased services	26,150.00	1,586.75	27,736.75	27,059.90	676.85
General supplies	128,019.94	(10,979.54)	117,040.40	109,751.26	7,289.14
Textbooks	22,395.00	(10,525.00)	11,870.00	11,834.67	35.33
Other objects	7,264.00	(3,647.70)	3,616.30	3,432.08	184.22
Regular programs - home instruction:					
Salaries of teachers	5,000.00	(2,000.00)	3,000.00	1,086.00	1,934.00
Purchased professional educational services		8,500.00	8,500.00	7,621.00	879.00
Total regular programs	\$2,067,901.94	(\$3,382.72)	\$2,064,519.22	\$2,049,039.78	\$15,479.44

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other support services - speech, ot, pt & related services:					
Purchased professional - educational services	\$6,000.00	(\$6,000.00)			
Total other support services - speech, ot, pt & related services	6,000.00	(6,000.00)			
Guidance:					
Salaries of other professional staff	419,933.00	(20,650.00)	\$399,283.00	\$399,260.53	\$1,022.47
Salaries of secretarial and clerical assistants	111,260.00	(6,000.00)	105,260.00	104,427.70	832.30
Other salaries	192,710.00	(8,950.08)	183,759.92	183,049.78	710.14
Other purchased professional and technical services	51,572.00	(20,000.00)	31,572.00	26,565.20	4,976.80
Other purchased services	18,300.00	(2,085.52)	16,214.48	11,980.35	4,234.13
Supplies and materials	11,500.00	(5,000.00)	6,500.00	4,761.28	1,738.72
Other Objects	250.00		250.00		250.00
Total guidance	805,525.00	(52,685.60)	742,839.40	729,074.84	13,764.56
Child Study Teams:					
Salaries of other professional staff	164,998.00	25,000.00	189,998.00	189,448.37	549.63
Salaries of secretarial and clerical assistants	48,815.00		48,815.00	48,314.88	500.12
Purchased professional educational services	7,000.00	(5,000.00)	2,000.00	1,000.00	1,000.00
Other purchased professional and technical services	6,300.00		6,300.00	6,256.49	43.51
Other purchased services (400-500 series)	150.00		150.00	135.00	15.00
Supplies and materials	2,800.00		2,800.00	1,248.03	1,550.97
Other objects	600.00		600.00	420.00	180.00
Total child study teams	230,663.00	20,000.00	250,663.00	246,823.77	3,839.23
Improvement of instruction services:					
Salaries of supervisors of instruction	226,111.00	15,000.00	241,111.00	239,534.38	1,576.62
Salaries of other professional staff	124,974.00		124,974.00	124,415.78	558.22
Salaries of secretarial and clerical assistants	59,725.00		59,725.00	59,724.96	0.04
Other purchased services (400-500 series)	2,900.00		2,900.00	2,065.58	834.42
Supplies and materials	400.00		400.00	400.00	
Other objects	400.00		400.00	400.00	
Total improvement of instruction services	414,510.00	15,000.00	429,510.00	425,740.70	3,769.30
Educational media services / school library:					
Salaries	38,283.00	4,133.00	42,416.00	42,415.40	0.60
Purchased professional and technical services	2,500.00		2,500.00	2,275.10	224.90
Other purchased services (400-500 series)	500.00	(500.00)			
Supplies and materials	8,000.00		8,000.00	4,669.86	3,330.14
Other objects	50.00		50.00		50.00
Total educational media services / school library	49,333.00	3,633.00	52,966.00	49,360.36	3,605.64
Instructional staff training services:					
Salaries of supervisors of instruction	46,531.00	14,000.00	60,531.00	60,529.80	1.20
Other purchased technical services	1,000.00	(700.00)	300.00	300.00	
Other purchased services (400- 500 series)	10,000.00	(844.02)	9,155.98	6,623.87	2,532.11
Supplies and materials	500.00	(500.00)			
Total instructional staff training services	\$58,031.00	\$11,955.98	\$69,986.98	\$67,453.67	\$2,533.31

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS

GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Support services general administration:					
Salaries	\$394,752.00	\$32,200.00	\$426,952.00	\$426,389.46	\$562.54
Legal services	73,106.55	340.00	73,446.55	43,674.74	29,771.81
Expenditure and internal control audit fees	39,700.00	750.00	40,450.00	39,700.00	750.00
Architectural/engineering services	3,000.00	(3,000.00)			
Other purchased professional services	18,175.00	(5,000.00)	13,175.00	4,679.50	8,495.50
Other purchased technical services	5,700.00		5,700.00		5,700.00
Communications / telephone	66,000.00	18,834.88	84,834.88	72,905.03	11,929.85
Board travel expense	3,500.00	830.00	4,330.00	3,026.54	1,303.46
Miscellaneous expenditures	149,000.00	4,174.59	153,174.59	152,475.59	699.00
General supplies	2,500.00		2,500.00	1,862.52	637.48
Miscellaneous expenditures	20,000.00	1,298.00	21,298.00	20,930.88	367.12
BOE membership dues and fees	7,000.00		7,000.00	6,749.75	250.25
Total support services general administration	782,433.55	50,427.27	832,860.82	772,394.01	60,466.81
Support services school administration:					
Salaries of principals / assistant principals	222,818.00	9,500.00	232,318.00	232,262.67	55.33
Salaries of other professionals	325,996.00	2,170.22	328,166.22	328,166.22	
Salaries of secretarial and clerical assistants	208,025.00	1,275.42	209,300.42	207,490.78	1,809.64
Other purchased services (400-500 series)	22,000.00	(1,498.97)	20,501.03	18,543.26	1,957.77
Supplies and materials	18,129.54		18,129.54	13,807.69	4,321.85
Other objects	6,000.00		6,000.00	5,975.00	25.00
Total support services school administration	802,968.54	11,446.67	814,415.21	806,245.62	8,169.59
Central services:					
Salaries	400,193.00	1,688.85	401,881.85	401,881.85	
Purchased professional services	7,000.00	2,515.60	9,515.60	9,037.25	478.35
Other purchased professional services	27,000.00	3,157.60	30,157.60	29,733.55	424.05
Misc. Purch Services (400-500)	2,000.00	418.17	2,418.17	2,418.17	
Supplies and materials	5,000.00	500.00	5,500.00	5,365.86	134.14
Miscellaneous expenditures	2,800.00	590.00	3,390.00	2,955.00	235.00
Total central services	443,793.00	8,870.22	452,663.22	451,391.68	1,271.54
Administrative information technology:					
Salaries	469,348.00	1,100.00	470,448.00	469,347.60	1,100.40
Other purchased services	39,890.00	(9,000.00)	30,890.00	26,850.54	4,039.46
Supplies and materials	45,477.19	(23,750.00)	21,727.19	18,724.89	3,002.30
Total administrative information technology	554,715.19	(31,650.00)	523,065.19	514,923.03	8,142.16
Required maintenance for school facilities:					
Salaries	526,772.00	(57,251.00)	469,521.00	467,705.16	1,815.84
Unused Vacation Payment to Terminated/Retired Staff		1,344.31	1,344.31		
Cleaning, repair and maintenance services	268,059.00	171,669.17	439,728.17	393,763.54	55,964.63
General supplies	13,000.00	1,757.02	14,757.02	76,832.02	
Other objects		3,700.73	3,700.73	16,700.73	
Total required maintenance for school facilities	882,906.00	121,220.23	1,004,126.23	946,345.76	57,780.47
Custodial services:					
Cleaning, repair and maintenance services	531,148.00	5,200.00	536,348.00	530,547.14	5,800.86
Other purchased property services	65,000.00	(10,000.00)	55,000.00	50,846.65	4,153.35
Insurance	96,000.00	20,300.00	116,300.00	116,251.00	49.00
Energy (natural gas)	90,000.00	12,000.00	102,000.00	88,958.32	13,041.68
Energy (heat and electricity)	140,000.00	43,000.00	183,000.00	171,789.39	11,210.61
Total custodial services	\$922,148.00	\$70,500.00	\$992,648.00	\$958,392.50	\$34,255.50

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Care and upkeep of grounds:					
Cleaning, repair and maintenance services	\$15,000.00	(\$4,000.00)	\$11,000.00	\$9,294.52	\$1,705.48
Total care and upkeep of grounds	15,000.00	(4,000.00)	11,000.00	9,294.52	1,705.48
Security:					
Salaries	139,950.00	2,459.25	142,409.25	138,311.05	4,098.20
Purchased professional and technical services	500.00		500.00	9,053.92	500.00
General supplies	8,410.00	645.00	9,055.00	1,08	1.08
Total security	148,860.00	3,104.25	151,964.25	147,364.97	4,599.28
Total operations and maintenance of plant	1,968,914.00	190,824.48	2,159,738.48	2,061,397.75	98,340.73
Student Transportation Services:					
Salaries (other than between home & school)	56,426.00	3,918.76	60,344.76	60,344.76	
Cleaning, repair and maintenance services	1,000.00	7,715.81	8,715.81	8,715.81	
Contracted services (other than between home & school)- vendors	9,000.00	(2,000.00)	7,000.00	2,097.09	4,902.91
Contracted services (regular students)-ESCs & CTSA's	30,000.00	(20,761.75)	9,238.25	9,238.25	
Miscellaneous purchased services - transportation	100.00		100.00		100.00
General supplies	500.00		500.00		500.00
Other objects	100.00	10.00	110.00	109.00	1.00
Total student transportation services	97,126.00	(11,117.18)	86,008.82	80,504.91	5,503.91
Unallocated benefits - employee benefits:					
Group insurance	13,820.00		13,820.00	11,530.64	2,289.36
Social security contributions	282,200.00	964.00	283,164.00	283,163.82	0.18
Other retirement contributions - PERS	386,100.00	8,609.62	394,709.62	393,758.25	950.37
Unemployment compensation	33,600.00		33,600.00	31,115.22	2,484.78
Workmen's compensation	212,000.00		212,000.00	212,000.00	
Health benefits	2,027,717.00	(25,264.00)	2,002,453.00	1,994,995.86	7,457.14
Tuition reimbursements	80,000.00		80,000.00	80,000.00	
Other employee benefits	66,000.00	2,112.40	68,112.40	54,587.43	13,524.97
Unused sick payment	10,000.00		10,000.00		10,000.00
Total unallocated benefits - employee benefits	3,111,437.00	(13,577.98)	3,097,859.02	3,061,152.22	36,706.80
On-behalf TPAF contributions (non-budgeted):					
Reimbursed TPAF social security contributions (non-budgeted)				497,195.36	(497,195.36)
On-behalf post retirement medical (non budgeted)				596,597.00	(596,597.00)
On-behalf TPAF contributions (non-budgeted)				2,239,963.00	(2,239,963.00)
On-behalf TPAF non contributory insurance (non-budgeted)				31,077.00	(31,077.00)
On-behalf TPAF long term disability insurance (non-budgeted)				782.00	(782.00)
Total on-behalf TPAF contributions (non-budgeted)				3,365,594.36	(3,365,594.36)
Total undistributed expenditures	9,592,446.65	196,083.58	9,788,530.23	12,898,151.57	(3,109,621.34)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$15,718,376.02	\$187,918.96	\$15,906,294.98	\$18,942,999.47	(\$3,036,704.49)

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
CAPITAL OUTLAY:					
Equipment:					
Vocational programs - local - instruction		\$5,000.00	\$5,000.00		\$5,000.00
Undistributed expenditures - instruction	\$32,000.00	(27,992.00)	4,008.00	\$4,007.49	0.51
Undistributed expenditures- Support Serv.- Health		11,817.21	11,817.21	11,817.21	
Undistributed expenditures- Support Serv.- Related & Extra	10,000.00	(10,000.00)			
Undistributed-administrative information technology	46,400.00	2,400.00	48,800.00	48,795.00	5.00
Undistributed-required maintenance for schools		5,500.00	5,500.00	5,361.61	138.39
Total equipment	88,400.00	(13,274.79)	75,125.21	69,981.31	5,143.90
Facilities acquisition and construction services:					
Other objects- ESIP payment to County	193,950.00		193,950.00	193,950.00	
Assessment for debt service on SDA funding	20,388.00		20,388.00	20,388.00	
Total facilities acquisition and construction services	214,338.00		214,338.00	214,338.00	
TOTAL CAPITAL OUTLAY	302,738.00	(13,274.79)	289,463.21	284,319.31	5,143.90
TOTAL EXPENDITURES	\$16,021,114.02	\$174,644.17	\$16,195,758.19	\$19,227,318.78	(\$3,031,560.59)
Excess (deficiency) of revenues over (under) expenditures	(994,260.02)	(174,644.17)	(1,168,904.19)	(748,912.52)	421,991.67
Other Financing Uses - Canceled Receivables				(15,765.55)	(15,765.55)
Excess of revenues and other financing sources over expenditures and other expenditures and other financing uses	(994,260.02)	(174,644.17)	(1,168,904.19)	(762,678.07)	406,226.12
Fund balances, July 1	7,803,143.43		7,803,143.43	7,803,143.43	
Fund balances, June 30	\$6,808,883.41	(\$174,644.17)	\$6,634,239.24	\$7,040,465.36	\$406,226.12
Recapitulation:					
Assigned - year-end encumbrances				\$39,183.05	
Restricted - excess surplus - current year				338,000.00	
Restricted - excess surplus - designated for subsequent year's expenditures				410,500.00	
Restricted - capital reserve				4,689,393.01	
Restricted - maintenance reserve				611,685.83	
Unassigned fund balance				951,703.47	
Reconciliation to governmental funds statements (GAAP):				\$7,040,465.36	
Prior Year aid payment not recognized on GAAP basis				(140,817.00)	
Fund balance per governmental funds (GAAP)				\$6,899,648.36	

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
State sources	\$346,477.00	\$167,224.00	\$513,701.00	\$480,989.61	(\$32,731.39)
Federal sources	416,000.00	639,309.77	1,055,309.77	499,146.23	(556,163.54)
Other sources	105,000.00	300,000.00	405,000.00	376,274.65	(28,725.35)
Total revenues	<u>\$867,477.00</u>	<u>\$1,106,533.77</u>	<u>\$1,974,010.77</u>	<u>\$1,356,390.49</u>	<u>(\$617,620.28)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers		\$148,764.98	\$148,764.98	\$53,389.14	\$95,375.84
Other salaries for instruction	32,065.00		32,065.00	32,065.00	
Purchased professional & technical services	26,761.00	26,018.00	52,779.00	48,298.94	4,480.06
General supplies	48,391.00	24,115.08	72,506.08	60,879.27	11,626.81
Total instruction	<u>107,217.00</u>	<u>188,898.06</u>	<u>306,115.06</u>	<u>194,632.35</u>	<u>111,482.71</u>
Support services:					
Salaries - other professional staff	167,127.00	(5,607.00)	161,520.00	158,819.22	2,700.78
Other salaries	11,516.00	170,432.99	181,948.99	153,775.75	28,173.24
Personal services - employee benefits	75,741.00	10,863.00	86,604.00	86,604.00	
Other purchased professional services	204,215.00	362,395.72	566,610.72	186,328.93	380,281.79
Other purchased services	36,486.00	49,221.00	85,707.00	34,756.84	50,950.16
Supplies and materials	8,857.00	31,663.00	40,520.00	37,656.70	2,863.30
Miscellaneous expenditures	105,000.00	300,000.00	405,000.00	402,226.42	2,773.58
Total support services	<u>608,942.00</u>	<u>918,968.71</u>	<u>1,527,910.71</u>	<u>1,060,167.86</u>	<u>467,742.85</u>
Equipment:					
Instructional equipment	151,318.00	(11,333.00)	139,985.00	127,542.05	12,442.95
Total expenditures	<u>\$867,477.00</u>	<u>\$1,106,533.77</u>	<u>\$1,974,010.77</u>	<u>\$1,382,342.26</u>	<u>\$591,668.51</u>
Excess(deficiency) of revenues over(under) expenditures				(25,951.77)	
Fund balance, July 1				240,322.75	
Fund balance, June 30				<u>\$214,370.98</u>	
Recapitulation:					
Restricted:					
Scholarships				\$52,718.61	
Student activities				161,652.37	
Total Fund Balance				<u>\$214,370.98</u>	

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenues and sources"	\$18,480,406.26	\$1,356,390.49
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		43,619.55
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	140,817.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(140,817.00)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$18,480,406.26</u>	<u>\$1,400,010.04</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures"	\$19,227,318.78	\$1,382,342.26
Difference - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial purposes		43,619.55
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$19,227,318.78</u>	<u>\$1,425,961.81</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion of the Net Pension Liability (Asset) as a percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0292071620%	\$5,582,069.00	\$2,065,723.00	270.22%	48.72%
2014	0.0296237594%	5,546,378.00	2,048,633.00	270.74%	52.08%
2015	0.0317171005%	7,119,853.00	2,098,575.00	339.27%	47.92%
2016	0.0315991123%	9,358,751.00	2,188,134.00	427.70%	40.14%
2017	0.0317342571%	7,387,228.00	2,194,687.00	336.60%	48.10%
2018	0.0313606400%	6,174,754.00	2,233,264.00	276.49%	53.60%
2019	0.0322594064%	5,812,656.00	2,293,911.00	253.40%	56.27%
2020	0.0318237707%	5,189,625.00	2,255,018.00	230.14%	58.32%
2021	0.0311449873%	3,689,591.00	2,300,890.00	160.35%	70.33%
2022	0.0308121494%	4,649,978.00	2,313,474.00	201.00%	62.91%

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>District's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
2014	\$244,214.00	\$244,214.00	-0-	\$2,048,633.00	11.92%
2015	272,682.00	272,682.00	-0-	2,098,575.00	12.99%
2016	280,722.00	280,722.00	-0-	2,188,134.00	12.83%
2017	293,984.00	293,984.00	-0-	2,194,687.00	13.40%
2018	311,937.00	311,937.00	-0-	2,233,264.00	13.97%
2019	313,790.00	313,790.00	-0-	2,293,911.00	13.68%
2020	348,136.00	348,136.00	-0-	2,255,018.00	15.44%
2021	364,744.00	364,744.00	-0-	2,299,890.00	15.86%
2022	388,556.00	388,556.00	-0-	2,313,474.00	16.80%
2023	416,746.00	416,746.00	-0-	2,321,152.00	17.95%

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (asset) associated with the District	District's Covered-Employee Payroll	District's Proportion of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	State's Proportionate Share of the Net Pension Liability associated with the District as a percentage of the District's Covered Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0531557561%	\$26,864,501.00	\$4,913,221.00	-0-	546.78%	33.76%
2014	0.0534531690%	28,568,979.00	5,241,855.00	-0-	545.02%	33.64%
2015	0.048805234%	30,894,578.00	5,385,824.00	-0-	573.63%	28.71%
2016	0.0476944678%	37,519,670.00	5,476,785.00	-0-	685.07%	22.33%
2017	0.0532826004%	35,925,050.00	5,658,564.00	-0-	634.88%	25.41%
2018	0.0520386260%	33,105,856.00	5,942,683.00	-0-	557.09%	26.49%
2019	0.0543658249%	33,364,820.00	6,120,500.00	-0-	545.13%	26.95%
2020	0.0563470629%	37,103,863.00	6,145,177.00	-0-	603.79%	24.60%
2021	0.0256018968%	26,931,224.00	6,389,445.00	-0-	421.50%	35.52%
2022	0.0543511624%	28,042,165.00	6,473,267.00	-0-	433.20%	32.29%

SOMERSET COUNTY VO - TECH TOWNSHIP SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/14-06/30/18
2020	7.00%	7.00%	07/01/14-06/30/18
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/15-06/30/18
2020	5.40%	7.00%	07/01/15-06/30/18
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN
PENSIONS (GASB 75)**

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

	Measurement Date Ended June 30,			
	2022	2021	2020	2019
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability associated with the School District				2017
Balance at 6/30	\$35,808,499	\$41,042,299	\$25,508,872	\$27,637,583
Changes for the year:				\$31,745,476
Service cost				
Interest	1,376,928	1,577,853	912,948	826,395
Changes of benefit terms	782,635	928,910	912,743	956,150
Differences between expected and actual experience		(38,114)		1,158,059
Changes in assumptions or other inputs	236,745	(7,129,804)	6,903,574	(3,662,604)
Membership Contributions	(7,922,273)	35,328	7,497,018	(3,171,551)
Benefit payments - Net	24,870	23,748	21,657	25,542
Net changes	(775,223)	(731,721)	(714,513)	(739,019)
	(6,276,318)	(5,233,800)	15,533,427	(4,107,893)
Balance at 6/30	\$29,532,181	\$35,808,499	\$41,042,299	\$25,508,872
Covered Employee Payroll	8,786,741	8,690,335	8,400,195	8,175,947
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	336.10%	412.05%	488.59%	303.16%
				338.04%
				404.23%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net OPEB liability
in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>
2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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

	TITLE I	TITLE II PART A	IDEA PART B BASIC	CARL PERKINS SECONDARY	CARL PERKINS SECONDARY RESERVE	CTSO SKILLS CONTINUATION	SCHOOL BASED LINKAGES	ORRSA ESSER II FUNDS
REVENUES:								
Slate sources	\$44,912.25	\$6,467.38	\$87,588.00	\$221,669.00	\$23,024.55	\$157,241.12	\$323,728.49	\$50,942.45
Federal sources							4,026.00	
Other sources								
Total revenues	44,912.25	6,467.38	87,588.00	221,669.00	23,024.55	157,241.12	327,754.49	50,942.45
EXPENDITURES:								
Instruction:								
Salaries of teachers								7,006.95
Salaries of aides	32,065.00			26,574.39	13,024.55			8,700.00
Purchased professional & technical services								
Other purchased services				40,224.56				18,470.00
General supplies								
Textbooks								
Total instruction	32,065.00			66,798.95	13,024.55			34,176.95
Support services:								
Salaries - other professional staff			58,005.00				100,814.22	
Other salaries	163.25			6,250.00		142,016.00	594.00	1,752.50
Personal services - employee benefits	2,884.00		28,583.00	478.00		10,863.00	42,996.00	
Purchased professional services	10,000.00			7,500.00	10,000.00		158,828.93	3,300.00
Other purchased services		6,467.38		13,100.00		4,362.12	2,914.34	11,713.00
Supplies and materials							21,607.00	
Miscellaneous expenditures								
Total support services	12,847.25	6,467.38	87,588.00	27,328.00	10,000.00	157,241.12	327,754.49	16,765.50
Equipment:								
Instructional equipment				127,542.05				
Total equipment				127,542.05				
Total expenditures	\$44,912.25	\$6,467.38	\$87,588.00	\$221,669.00	\$23,024.55	\$157,241.12	\$327,754.49	\$50,942.45
Excess (deficiency) of revenues over (under) expenditures	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Fund Balance, July 1								
Fund Balance, June 30	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-

(Continued on next page)

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

	ESSER II ACCELERATED LEARNING	ARP ESSER III FUNDS	ESSER III ACCELERATED LEARNING	ESSER III SUMMER LEARNING	ESSER III BEYOND THE SCHOOL DAY	STUDENT ACTIVITIES	TI SCHOLARSHIPS	TOTAL 2023
REVENUES:								
State sources	\$5,918.08	\$18,226.21	\$5,476.70	\$20,667.98	\$10,227.63	\$345,225.52	\$31,049.13	\$480,969.61
Federal sources								499,146.23
Other sources								376,274.65
Total revenues	5,918.08	18,226.21	5,476.70	20,667.98	10,227.63	345,225.52	31,049.13	1,356,380.49
EXPENDITURES:								
Instruction:								
Salaries of teachers		16,026.21		20,128.35	10,227.63			53,389.14
Salaries of aides								32,065.00
Purchased professional & technical services				539.63				48,298.94
General supplies	1,645.08							60,879.27
Total instruction	1,645.08	16,026.21		20,667.98	10,227.63			194,632.35
Support services:								
Salaries - other professional staff								156,819.22
Other salaries	3,000.00							153,775.75
Personal services - employee benefits								86,604.00
Purchased professional services								186,328.93
Other purchased services	1,273.00	2,200.00	3,340.00					34,756.84
Supplies and materials			2,136.70					37,656.70
Miscellaneous expenditures						387,774.92	14,451.50	402,226.42
Total support services	4,273.00	2,200.00	5,476.70			387,774.92	14,451.50	1,060,167.86
Facilities acquisition & construction services:								
Instructional equipment								127,542.05
Total expenditures	\$5,918.08	\$18,226.21	\$5,476.70	\$20,667.98	\$10,227.63	\$387,774.92	\$14,451.50	\$1,382,342.26
Excess (deficiency) of revenues over (under) expenditures	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	(\$42,549.40)	\$16,597.63	(25,951.77)
Fund Balance, July 1						204,201.77	36,120.98	240,322.75
Fund Balance, June 30	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$161,652.37	\$52,718.61	\$214,370.98

CAPITAL PROJECTS FUND DETAIL STATEMENTS
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The capital projects fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>ISSUE / PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>NET APPROPRIATION</u>	<u>EXPENDITURES TO DATE</u>	<u>UNEXPENDED BALANCE JUNE 30, 2023</u>
		<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	
Various Projects - fy 2018	various	\$3,270,000.00	\$3,245,618.85	\$19,305.02
Various Projects - fy 2019	various	2,275,000.00	616,801.08	1,570,817.55
Various Projects - fy 2021	various	275,000.00		275,000.00
Career Technology Education - fy 2023	12/13/21	23,000,000.00	145,045.32	22,854,954.68
		<u>\$28,820,000.00</u>	<u>\$3,862,419.93</u>	<u>\$24,720,077.25</u>

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

REVENUES AND OTHER FINANCING SOURCES:

State sources	\$17,250,000.00
County of Somerset	<u>5,750,000.00</u>

Total revenues and other financing sources	<u>23,000,000.00</u>
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EXPENDITURES AND OTHER FINANCING USES:

Purchased professional and technical services	163,597.82
Construction services	<u>73,905.00</u>

Total expenditures and other financing uses	<u>237,502.82</u>
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Excess (deficiency) of revenues over (under) expenditures	22,762,497.18
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Fund balance - July 1	<u>1,957,580.07</u>
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Fund balance - June 30	<u><u>\$24,720,077.25</u></u>
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Reconciliation to GAAP Basis:

Fund Balance June 30 - Budgetary Basis (Exhibit F-2)	\$24,720,077.25
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Less: Unrealized grant revenue	<u>(17,250,000.00)</u>
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Fund Balance June 30 - GAAP Basis (Exhibit B-2)	<u><u>\$7,470,077.25</u></u>
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SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - CAREER TECHNOLOGY EDUCATION - FY 2023
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources		\$17,250,000.00	\$17,250,000.00	\$17,250,000.00
County of Somerset		\$5,750,000.00	5,750,000.00	5,750,000.00
Total revenues and other financing sources		23,000,000.00	23,000,000.00	23,000,000.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services		145,045.32	145,045.32	1,764,500.00
Construction services				21,235,500.00
Total expenditures and other financing uses		145,045.32	145,045.32	23,000,000.00
Excess (deficiency) of revenues over (under) expenditures		\$22,854,954.68	\$22,854,954.68	
ADDITIONAL PROJECT INFORMATION:				
Project number	4810-N01-21-1000			
Grant date	12/13/21			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$23,000,000.00			
Additional authorized cost				
Revised authorized cost	\$23,000,000.00			
Percentage increase over original authorized cost	N/A			
Percentage completion				
Original target completion date	various			
Revised target completion date	various			

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - VARIOUS CAPITAL PROJECTS - FY 2021
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
County of Somerset	<u>\$275,000.00</u>	<u></u>	<u>\$275,000.00</u>	<u>\$275,000.00</u>
Total revenues and other financing sources	<u>275,000.00</u>	<u></u>	<u>275,000.00</u>	<u>275,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services				
Construction services	<u></u>	<u></u>	<u></u>	<u>275,000.00</u>
Total expenditures and other financing uses	<u></u>	<u></u>	<u></u>	<u>275,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$275,000.00</u>	<u></u>	<u>\$275,000.00</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	Various			
Grant date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$275,000.00			
Additional authorized cost				
Revised authorized cost	\$275,000.00			
Percentage increase over original authorized cost	N/A			
Percentage completion				
Original target completion date	various			
Revised target completion date	various			

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - VARIOUS CAPITAL PROJECTS - FY 2019
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
County of Somerset	<u>\$2,275,000.00</u>	<u></u>	<u>\$2,275,000.00</u>	<u>\$2,275,000.00</u>
Total revenues and other financing sources	<u>2,275,000.00</u>	<u></u>	<u>2,275,000.00</u>	<u>2,275,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	<u>109,592.34</u>	<u>\$18,552.50</u>	<u>128,144.84</u>	<u>227,500.00</u>
Construction services	<u>507,208.74</u>	<u>68,828.87</u>	<u>576,037.61</u>	<u>2,047,500.00</u>
Total expenditures and other financing uses	<u>616,801.08</u>	<u>87,381.37</u>	<u>704,182.45</u>	<u>2,275,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$1,658,198.92</u>	<u>(\$87,381.37)</u>	<u>\$1,570,817.55</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	Various			
Grant date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$2,275,000.00			
Additional authorized cost				
Revised authorized cost	\$2,275,000.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	72.89%			
Original target completion date	Various			
Revised target completion date	Various			

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - VARIOUS CAPITAL PROJECTS - FY 2018
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
County of Somerset	<u>\$3,270,000.00</u>		<u>\$3,270,000.00</u>	<u>\$3,270,000.00</u>
Total revenues and other financing sources	<u>3,270,000.00</u>		<u>3,270,000.00</u>	<u>3,270,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	<u>239,000.58</u>		<u>239,000.58</u>	<u>240,881.80</u>
Construction services	<u>3,006,618.27</u>	<u>\$5,076.13</u>	<u>3,011,694.40</u>	<u>3,029,118.20</u>
Total expenditures and other financing uses	<u>3,245,618.85</u>	<u>5,076.13</u>	<u>3,250,694.98</u>	<u>3,270,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$24,381.15</u>	<u>(\$5,076.13)</u>	<u>\$19,305.02</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	Various			
Grant date	N/A			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$3,270,000.00			
Additional authorized cost				
Revised authorized cost	\$3,270,000.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	94.25%			
Original target completion date	Various			
Revised target completion date	Various			

LONG-TERM DEBT SCHEDULES

The Long-Term Debt schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes installment purchase agreements.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER INSTALLMENT PURCHASE AGREEMENT
JUNE 30, 2023

<u>DESCRIPTION</u>	<u>INTEREST</u> <u>RATE PAYABLE</u>	<u>AMOUNT OF</u> <u>ORIGINAL</u> <u>ISSUE</u>	<u>AMOUNT</u> <u>OUTSTANDING</u> <u>JUNE 30, 2022</u>	<u>RETIRED</u> <u>CURRENT YEAR</u>	<u>AMOUNT</u> <u>OUTSTANDING</u> <u>JUNE 30, 2023</u>
Energy Savings Installment Purchase	various	\$2,010,000.00	\$1,605,000.00	\$135,000.00	\$1,470,000.00
			<u>\$1,605,000.00</u>	<u>\$135,000.00</u>	<u>\$1,470,000.00</u>

STATISTICAL SECTION
(UNAUDITED)

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
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.	J-1 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
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.	J-10 to J-13
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.	J-14 to J-15
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.	J-16 to J-20

Sources

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
NET POSITION BY COMPONENT
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$25,999,012.33	\$27,225,998.63	\$28,141,887.12	\$29,336,981.23	\$29,088,248.96	\$27,528,102.86	\$27,884,346.97	\$26,007,387.67	\$24,242,815.54	\$22,990,034.07
Restricted	13,734,027.07	8,928,007.21	5,664,680.89	7,512,702.81	6,096,559.17	5,679,218.52	3,075,075.46	4,464,515.12	3,413,249.25	2,238,424.32
Unrestricted (Deficit)	(5,230,060.87)	(5,852,578.19)	(6,965,974.68)	(7,091,681.06)	(6,928,528.97)	(6,849,278.03)	(6,458,562.84)	(5,792,452.36)	(5,447,072.68)	93,364.20
Total governmental activities net position	<u>\$34,502,978.53</u>	<u>\$30,301,427.65</u>	<u>\$26,840,593.33</u>	<u>\$29,760,002.98</u>	<u>\$28,256,279.16</u>	<u>\$26,338,043.35</u>	<u>\$24,500,859.59</u>	<u>\$24,679,450.43</u>	<u>\$22,208,992.11</u>	<u>\$25,321,922.59</u>
Business-type activities										
Net investment in capital assets	\$14,667.02	\$17,207.42	\$19,747.82	\$22,288.22	\$24,828.61	\$27,369.01	\$29,909.41	\$44,747.41	\$48,811.47	\$21,305.52
Unrestricted	(2,348.55)	15,870.79	20,481.78	13,631.62	21,066.98	13,167.25	2,199.89	(12,560.34)	(8,840.52)	23,381.74
Total business-type activities net position	<u>\$12,318.47</u>	<u>\$33,078.21</u>	<u>\$40,229.58</u>	<u>\$36,119.84</u>	<u>\$45,895.59</u>	<u>\$40,536.26</u>	<u>\$32,109.30</u>	<u>\$32,187.07</u>	<u>\$39,970.95</u>	<u>\$44,687.26</u>
District-wide										
Net investment in capital assets	\$26,013,679.35	\$27,243,206.05	\$28,161,634.94	\$29,361,269.45	\$29,113,077.57	\$27,555,471.87	\$27,914,256.38	\$26,052,135.08	\$24,291,627.01	\$23,011,339.59
Restricted	13,734,027.07	8,928,007.21	5,664,680.89	7,512,702.81	6,096,559.17	5,679,218.52	3,075,075.46	4,464,515.12	3,413,249.25	2,238,424.32
Unrestricted (Deficit)	(5,232,409.42)	(5,856,707.40)	(6,945,492.92)	(7,077,849.44)	(6,907,461.89)	(6,896,110.78)	(6,456,962.95)	(5,805,012.70)	(5,455,913.20)	116,725.94
Total district net position	<u>\$34,515,297.00</u>	<u>\$30,334,505.86</u>	<u>\$26,880,822.91</u>	<u>\$29,786,122.82</u>	<u>\$28,302,174.75</u>	<u>\$26,398,579.61</u>	<u>\$24,532,868.89</u>	<u>\$24,711,637.50</u>	<u>\$22,248,963.06</u>	<u>\$25,366,469.85</u>

Source: ACFR Schedule A-1

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CHANGES IN NET POSITION
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental activities										
Instruction:										
Regular	\$3,471,882.32	\$3,632,567.56	\$4,090,951.06	\$3,614,817.86	\$3,881,465.38	\$3,954,704.01	\$3,643,096.88	\$3,130,586.07	\$3,051,451.04	\$2,267,814.88
Special	6,148,961.99	6,179,302.59	6,851,015.50	6,115,475.30	6,537,321.35	6,860,239.40	6,675,509.33	13,886.21	348,683.53	12,230.00
Vocational	366,219.90	420,085.14	363,805.05	367,868.14	380,986.74	385,604.77	300,427.30	265,043.38	5,427,834.98	4,901,297.93
Other									302,548.00	328,061.41
Support Services:										
Student & instruction related services	4,438,476.84	4,257,851.35	4,258,046.16	3,906,535.09	4,356,603.42	4,333,159.76	3,364,242.37	3,162,024.50	3,257,909.18	2,583,939.30
General administrative services	840,438.80	888,319.24	1,005,835.12	929,087.92	928,394.43	885,771.15	888,517.01	712,983.94	664,741.54	733,420.30
School administrative services	1,326,445.92	1,386,968.16	1,562,669.50	1,311,862.23	1,395,503.62	1,376,801.43	1,655,773.60	1,525,088.13	1,321,662.07	787,985.43
Central services	477,004.76	482,814.09	587,914.22	590,072.07	560,168.08	615,044.06	675,961.10	574,946.92	549,026.26	544,287.57
Administration information technology	543,328.87	557,501.97	687,764.23	694,771.91	761,551.47	762,878.67	805,135.13	714,353.18	485,473.38	458,239.72
Plant operations and maintenance	2,146,901.67	2,119,836.43	2,119,017.56	2,478,750.56	2,651,465.33	2,567,533.09	2,967,236.43	2,471,316.68	2,862,780.08	3,632,481.90
Student transportation services	86,594.33	94,717.46	72,529.62	85,988.04	111,327.73	123,189.14	122,530.63	107,205.16	83,033.90	116,809.81
Special schools								3,960.29	55,272.81	77,165.39
Total governmental activities expenses	19,849,255.41	20,019,974.99	21,598,948.02	20,095,227.12	21,564,788.54	21,866,925.48	21,128,550.61	18,726,439.45	18,420,406.88	16,423,743.64
Business-type activities:										
Food Service	151,423.69	192,832.30	121,488.78	114,866.05	135,530.98	126,115.55	118,701.90	114,115.17	124,908.12	124,288.81
Total business-type activities expense	151,423.69	192,832.30	121,488.78	114,866.05	135,530.98	126,115.55	118,701.90	114,115.17	124,908.12	124,288.81
Total district expenses	\$20,000,679.10	\$20,212,807.29	\$21,720,436.80	\$20,210,213.17	\$21,700,319.52	\$21,993,041.03	\$21,245,252.51	\$18,840,554.62	\$18,545,315.00	\$16,548,032.45
PROGRAM REVENUES										
Governmental activities:										
Charges for Services	\$1,645,713.02	\$1,558,847.05	\$1,368,813.72	\$1,600,438.50	\$1,456,021.00	\$1,461,421.25	\$1,404,381.25	\$1,483,307.00	\$1,284,646.66	\$703,100.92
Operating grants and contributions	2,913,580.88	4,192,371.91	5,909,864.57	4,110,741.01	5,826,536.09	5,610,709.51	4,512,027.07	3,551,717.27	3,460,672.29	2,074,059.09
Total governmental activities program revenues	4,559,293.90	\$7,411,316.96	7,278,678.29	\$5,711,180.51	6,748,557.09	7,276,130.56	6,316,388.32	5,035,024.27	4,725,318.94	2,717,160.01
Business-type activities:										
Charges for services										
Food Service	71,296.42	12,159.30	3,902.71	68,292.18	92,425.40	86,554.22	65,014.85	54,778.22	62,956.76	68,652.45
Operating grants and contributions	57,983.85	173,521.63	114,141.07	31,778.12	46,643.04	47,988.29	49,280.83	51,532.14	57,234.87	73,609.77
Total business type activities program revenues	129,280.27	185,680.93	118,043.78	100,060.30	139,068.44	134,542.51	114,295.68	106,310.36	120,191.63	142,262.22
Total district program revenues	\$4,688,574.17	\$7,596,997.89	\$7,396,722.07	\$5,811,240.81	\$6,887,625.53	\$7,406,673.07	\$6,430,684.00	\$5,141,334.63	\$4,845,510.57	\$2,859,422.23
NET (EXPENSE)/REVENUE										
Governmental activities	(\$15,289,961.52)	(\$14,278,656.03)	(\$14,320,266.73)	(\$14,384,046.61)	(\$14,816,231.45)	(\$14,594,794.92)	(\$14,810,162.29)	(\$13,691,415.18)	(\$13,695,067.94)	(\$13,706,563.63)
Business-type activities	(22,143.42)	(7,151.37)	(3,445.00)	(14,825.75)	3,537.46	8,426.86	(7,804.81)	(7,804.81)	(4,716.49)	(7,973.41)
Total district-wide net expense	(\$15,312,104.94)	(\$14,285,807.40)	(\$14,323,711.73)	(\$14,398,872.36)	(\$14,812,693.99)	(\$14,586,368.06)	(\$14,817,967.10)	(\$13,699,219.99)	(\$13,699,784.43)	(\$13,688,537.04)

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CHANGES IN NET POSITION
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GENERAL REVENUES AND OTHER CHANGES										
IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$12,160,892.00	\$12,160,892.00	\$11,922,443.00	\$11,922,443.00	\$11,922,443.00	\$11,922,443.00	\$11,922,443.00	\$11,642,760.00	\$11,291,923.00	\$11,452,904.00
Unrestricted grants and contributions	1,433,212.00	5,171,124.00	1,457,662.26	1,428,582.00	1,430,165.00	1,443,070.00	1,428,100.00	1,526,051.90	1,422,938.00	1,413,902.00
Restricted grants and contributions	5,750,000.00	275,000.00		2,275,000.00	3,266,836.00	2,800,000.00	803,401.00	2,763,519.00	3,189,213.80	2,250,000.00
Miscellaneous income/ Other	220,220.40	132,474.34	55,393.51	90,537.88	86,147.10	286,465.68	492,627.45	270,295.97	260,251.66	319,751.72
Transfers	(15,765.55)		(7,509.80)		(13,685.15)		(15,000.00)			
Canceled accounts receivable			(13,336.59)							
ESIP lease purchase agreement			(2,010,000.00)							
Donated/Disposal of capital assets	(37,046.45)		(3,592.90)		22,561.31			(40,753.37)		
Total governmental activities	19,491,512.40	17,739,490.34	11,400,960.08	15,716,542.88	16,714,467.26	16,451,978.68	14,631,571.45	16,161,873.50	16,164,326.46	15,436,587.72
Business-type activities:										
Miscellaneous income	1,383.68		44.94	5,150.00	1,321.87		28.45	20.93	20.18	40.93
Disposal of capital assets							(10,700.00)			
Transfers	1,383.63	0.00	7,509.80	5,150.00	1,321.87	0.00	15,000.00	20.93	20.18	40.93
Total business-type activities	\$19,492,896.08	\$17,739,490.34	\$11,408,414.82	\$15,721,692.88	\$16,716,269.13	\$16,451,978.68	\$14,635,599.30	\$16,181,894.43	\$16,164,346.64	\$15,436,628.65
Total district-wide										
CHANGE IN NET POSITION										
Governmental activities	\$4,201,550.88	\$3,460,834.31	(\$2,919,409.65)	\$1,332,496.27	\$1,898,235.81	\$1,857,183.76	(\$175,590.84)	\$2,470,458.32	\$2,468,238.52	\$1,730,004.09
Business-type activities	(20,759.74)	(7,151.37)	4,109.74	(9,775.75)	5,359.33	8,426.96	(77.77)	(7,753.89)	(4,696.31)	18,014.34
Total district	\$4,180,791.14	\$3,453,682.94	(\$2,915,299.91)	\$1,322,720.52	\$1,903,595.14	\$1,865,610.72	(\$175,668.61)	\$2,462,704.44	\$2,463,542.21	\$1,748,018.43

Source: ACFR Schedule A-2

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Assigned	\$39,183.05	\$150,310.02	\$65,553.76	\$80,520.88	\$201,748.56	\$321,950.47	\$111,667.15	\$549,701.57	\$325,950.62	\$925.50
Restricted	6,049,578.84	6,730,104.39	3,470,223.08	3,375,520.78	2,567,265.21	2,632,059.61	2,338,132.43	1,463,179.45	388,639.60	675,540.38
Unassigned	810,886.47	781,912.02	733,852.19	723,336.96	760,948.41	734,284.64	736,839.23	668,252.90	711,893.43	714,315.59
Total general fund	<u>\$6,899,648.36</u>	<u>\$7,662,326.43</u>	<u>\$4,269,629.03</u>	<u>\$4,179,378.62</u>	<u>\$3,529,982.18</u>	<u>\$3,688,294.72</u>	<u>\$3,186,638.81</u>	<u>\$2,681,133.92</u>	<u>\$1,426,483.65</u>	<u>\$1,390,761.47</u>
All Other Governmental Funds										
Committed	\$1,324,952.18	\$74,505.00	\$345,750.95	\$2,074,863.96	\$714,196.79	\$2,448,244.39	\$394,200.57	\$2,356,678.69	\$2,122,179.50	\$1,068,205.50
Restricted	23,609,496.05	2,123,397.82	1,783,153.10	1,810,569.64	2,603,348.61	276,964.05	231,075.31	94,955.51	576,479.53	483,752.94
Total all other governmental funds	<u>\$24,934,448.23</u>	<u>\$2,197,902.82</u>	<u>\$2,128,904.05</u>	<u>\$3,885,433.60</u>	<u>\$3,317,545.40</u>	<u>\$2,725,208.44</u>	<u>\$625,275.88</u>	<u>\$2,451,634.10</u>	<u>\$2,698,659.03</u>	<u>\$1,551,958.44</u>

Source: ACFR Schedule B-1

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

UNAUDITED

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Tax levy	\$12,160,892.00	\$12,160,892.00	\$11,922,443.00	\$11,922,443.00	\$11,922,443.00	\$11,922,443.00	\$11,922,443.00	\$11,642,760.00	\$11,291,923.00	\$11,452,904.00
County of Somerset	5,750,000.00	275,000.00	2,275,000.00	2,275,000.00	3,295,836.00	2,800,000.00	803,401.00	2,763,519.00	2,500,000.00	2,250,000.00
Tuition	1,300,487.50	1,307,024.00	1,246,108.00	1,600,439.50	1,456,021.00	1,481,421.25	1,404,361.25	1,483,307.00	1,264,646.66	703,100.92
Miscellaneous	596,495.05	396,160.45	188,203.62	199,604.31	190,372.11	387,857.54	482,627.45	270,295.97	359,328.66	414,381.72
State sources	5,323,295.52	8,938,591.69	4,685,885.49	4,281,997.16	4,278,288.47	3,729,776.87	3,590,969.94	3,144,740.55	3,692,492.08	2,883,934.09
Federal sources	499,246.23	760,140.16	644,813.65	389,845.42	427,794.61	531,276.58	518,445.13	428,598.63	509,242.00	449,427.00
Total revenue	25,630,416.30	23,837,808.30	18,687,453.76	20,688,329.39	21,541,755.19	20,832,777.24	18,722,247.77	19,733,121.15	19,616,632.40	18,153,747.73
Expenditures										
Instruction										
Regular	2,163,848.63	2,175,637.59	2,119,177.10	2,083,203.33	2,200,289.32	2,115,938.84	2,039,529.74	1,800,539.86	1,817,718.01	1,697,177.53
Special education	3,825,919.34	3,598,896.22	3,489,111.35	3,571,974.25	3,640,971.03	3,692,564.92	3,718,683.71	3,598,411.24	3,594,359.57	3,595,073.93
Vocational	245,712.28	242,932.23	202,982.77	231,924.28	236,775.92	239,708.47	178,394.91	155,363.02	197,314.58	238,145.79
Other instruction										
Support Services:										
Student & instruction related services	2,888,335.40	2,756,043.08	2,480,050.20	2,547,942.24	2,639,557.54	2,489,420.01	2,201,116.40	2,050,845.45	2,177,171.64	2,050,892.80
General administrative services	772,394.01	778,561.71	798,600.92	701,182.22	739,759.68	683,059.35	605,250.97	511,094.81	515,879.32	534,904.98
School administrative services	808,245.62	802,074.34	763,395.58	725,757.10	740,448.99	699,729.69	867,820.87	848,144.98	773,039.39	559,893.31
Control services	451,391.68	431,923.77	441,461.04	409,979.91	401,101.05	406,678.45	402,112.04	390,872.63	396,266.57	396,767.43
Administration Information Technology	514,923.03	488,619.04	513,439.32	485,159.84	566,517.04	517,646.17	579,960.46	482,372.62	360,869.71	334,041.43
Plant operations and maintenance	2,061,387.75	1,950,403.81	1,886,200.36	1,861,403.75	2,088,688.56	2,035,225.65	2,175,344.31	1,952,559.71	2,360,016.46	2,866,988.84
Student transportation services	80,504.91	74,250.06	53,722.49	60,767.48	85,441.71	89,372.90	80,740.47	79,113.69	71,764.02	92,830.63
Unallocated employee benefits	6,425,746.36	6,212,066.53	5,496,571.89	4,920,478.63	4,717,442.56	4,292,006.56	3,963,593.05	3,663,308.69	3,660,501.66	3,432,529.66
Capital outlay	649,364.18	864,713.75	2,237,194.24	1,681,231.52	3,047,072.22	999,241.76	3,184,953.54	3,166,890.04	2,431,769.37	1,443,847.22
Special schools								2,668.92	59,706.54	57,221.04
Total expenditures	20,890,763.41	20,376,112.13	20,483,914.36	19,481,024.75	21,084,065.62	19,231,186.77	20,028,101.10	19,725,495.81	18,444,229.63	17,313,624.90
Excess (Deficiency) of revenues over (under) expenditures	4,739,652.89	3,461,696.17	(1,816,460.60)	1,207,304.64	457,689.57	2,601,588.47	(1,305,853.33)	1,007,625.34	1,172,402.77	840,122.83
Other Financing sources (uses)										
Canceled accounts receivable	(15,765.55)		(13,536.59)		(13,695.15)		(15,000.00)			
Transfers in/ (out)			(7,509.80)				(15,000.00)			
Total other financing sources (uses)	(15,765.55)	0.00	(21,046.39)	0.00	(13,695.15)	0.00	(15,000.00)	0.00	0.00	0.00
Net change in fund balances	\$4,723,867.34	\$3,461,696.17	(\$1,837,506.99)	\$1,207,304.64	\$444,004.42	\$2,601,588.47	(\$1,320,853.33)	\$1,007,625.34	\$1,172,402.77	\$840,122.83

Source: ACFR Schedule B-2

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Performing Arts</u> <u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>SCESC</u>	<u>RVCC</u>	<u>Miscellaneous</u>	<u>Total</u>
2023	\$2,725.00	\$33,557.37		\$2,600.00	\$181,338.03	\$220,220.40
2022		7,804.74		20,343.00	104,326.60	132,474.34
2021		8,142.50		27,108.00	2,302.05	37,552.55
2020	\$2,836.00	21,811.32			65,890.56	90,537.88
2019	1,494.00	22,134.05		16,578.00	45,941.05	86,147.10
2018	2,489.90	15,330.35	\$56,967.00	8,208.00	203,470.43	286,465.68
2017	995.00	8,569.83	226,666.66	68,750.00	73,139.64	378,121.13
2016	4,125.00	3,972.92		135,000.00	27,711.29	170,809.21
2015	6,385.00	2,263.75		250,000.00	1,602.91	260,251.66
2014	64,300.00	2,526.58		250,000.00	2,955.14	319,781.72

Source: District Records

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30.</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2023	\$12,160,892.00	\$12,160,892.00	100.00%	\$0.00
2022	12,160,892.00	12,160,892.00	100.00%	0.00
2021	11,922,443.00	11,922,443.00	100.00%	0.00
2020	11,922,443.00	11,922,443.00	100.00%	0.00
2019	11,922,443.00	11,922,443.00	100.00%	0.00
2018	11,922,443.00	11,922,443.00	100.00%	0.00
2017	11,922,443.00	11,922,443.00	100.00%	0.00
2016	11,642,760.00	11,642,760.00	100.00%	0.00
2015	11,291,923.00	11,291,923.00	100.00%	0.00
2014	11,452,904.00	11,452,904.00	100.00%	0.00

Source: District records.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
UNAUDITED

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Instruction:										
Vocational, Regular and Special Education	61	61	61	60	60	59	59	59	59	65
Support Services:										
Student & instruction related services	22	22	23	23	23	25	24	26	25	19
General administrative services	4	4	4	3	3	3	3	3	3	3
School administrative services	10	12	10	12	12	9	10	10	10	10
Central services	4	4	4	4	4	4	4	4	4	4
Administration information technology	6	6	6	6	6	6	6	6	6	6
Plant operations and maintenance	12	12	12	13	13	13	13	11	12	12
Student transportation	1	1	1	1	1	1	1	1	1	1
Total	120	122	121	122	122	120	120	120	120	120

Source: District Personnel Records

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
OPERATING STATISTICS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment (d)</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>% Change</u>	<u>Teaching Staff (b)</u>	<u>Teacher/Pupil Ratio</u>	<u>Average Daily Enrollment (c)</u>	<u>Average Daily Attendance (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2023	666	\$19,839,192.81	29,788.58	-0.45%	61	1/11	493	468	2.80%	94.93%
2022	645	19,300,006.77	29,922.49	13.70%	61	1/11	480	457	-6.47%	95.29%
2021	689	18,131,697.97	26,315.96	1.08%	61	1/11	513	496	2.15%	96.66%
2020	676	17,599,793.23	26,035.20	-5.60%	60	1/11	502	488	2.45%	97.21%
2019	654	18,036,993.40	27,579.50	8.50%	60	1/11	490	468	3.16%	95.51%
2018	637	16,191,783.62	25,418.81	0.36%	61	1/10	475	454	-2.66%	95.58%
2017	665	16,843,147.56	25,328.04	10.69%	59	1/11	488	456	-4.69%	93.44%
2016	680	15,559,235.77	22,881.23	-6.26%	59	1/12	512	470	3.85%	91.80%
2015	656	16,012,460.26	24,409.24	1.05%	59	1/11	493	452	-8.36%	91.68%
2014	657	15,869,777.68	24,154.91	#DIV/0!	65	1/10	538	505	#DIV/0!	93.87%

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less capital outlay, student activities and scholarships.

(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).

(d) Enrollment obtained from district pupil service data.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHOOL BUILDING INFORMATION
UNAUDITED

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>District Buildings</u>										
Somerset County Vocational -										
Technical High School										
Square Feet	215,845	215,845	215,845	215,845	215,845	215,845	215,845	215,845	215,845	215,845
Capacity (students - full time)	721	721	721	721	721	721	721	721	721	721
Enrollment *	666	645	689	676	654	637	665	680	656	657

* full and part-time students

Number of Schools at June 30, 2023
 Technical High School = 1

Source: District records

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 district count.

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX

School Facilities * Project #(s)	<u>Total</u>	Somerset County Vocational and Technical Schools
2023	\$946,345.76	\$946,345.76
2022	851,914.32	851,914.32
2021	745,728.15	745,728.15
2020	818,075.42	818,075.42
2019	1,107,001.30	1,107,001.30
2018	1,017,715.30	1,017,715.30
2017	1,181,459.45	1,181,459.45
2016	843,252.48	843,252.48
2015	1,000,052.06	1,000,052.06
2014	<u>1,477,756.33</u>	<u>1,477,756.33</u>
Total School Facilities	<u><u>\$7,445,312.34</u></u>	<u><u>\$7,445,312.34</u></u>

* - School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Somerset County Joint Insurance Fund:		
Blanket Building and Contents	\$250,000,000	loss limit in any one occurrence
Property Deductible	25,000	
Automobile Physical Damage	10,000,000	loss limit in any one occurrence
Boiler & Machinery/Equipment Breakdown	100,000,000	loss limit in any one occurrence
Earthquake	100,000,000	100,000
Flood	50,000,000	
Cyber Coverage	2,000,000	per claim
	5,000,000	aggregate
Crime Coverage:		
Employee Theft	1,000,000	25,000
Faithful Performance of Duty	1,000,000	
Surety Bonds: Selective Insurance:		
Raelene Sipple - Business Administrator	250,000	

Source: District records

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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

Honorable President and Members
of the Board of Education
Somerset County Vocational and Technical School District
County of Somerset
Bridgewater, New Jersey 08807

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Somerset County Vocational and Technical School District, in the County of Somerset, State of 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 control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Somerset County Vocational and Technical School 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.

SUPLEE, CLOONEY & COMPANY

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

Compliance and Other Matters

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

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.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

December 4, 2023



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable President and Members
of the Board of Education
Somerset County Vocational and Technical School District
County of Somerset
Bridgewater, New Jersey 08807

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

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

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, and *State of New Jersey OMB State Grant Compliance Supplement*. Our responsibilities under those standards and the New Jersey OMB State Grant Compliance Supplement are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

SUPLEE, CLOONEY & COMPANY

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 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 state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the New Jersey OMB State Grant Compliance Supplement 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the New Jersey OMB State Grant Compliance Supplement, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 New Jersey OMB State Grant Compliance Supplement, 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.

SUPLEE, CLOONEY & COMPANY

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 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 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB State Grant Compliance Supplement. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

December 4, 2023

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL AGENCY	FEDERAL AGENCY NUMBER	FEDERAL AGENCY TITLE	GRANT OR PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2022	ADJUSTMENT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR'S BALANCES	(ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2023	UNEARNED REVENUE	DUE TO GRANITOR
U.S. Department of Education: Special Education Fund: ESEA: Title I: Title II, Part A: Title IV: Total ESEA:	84.010 84.010 84.367 84.424	S010A210030 S010A220030 S367A220029 S424A220031	NCLB481022 NCLB481023 NCLB481023 NCLB481023	\$50,915.00 47,751.00 9,877.00 10,000.00	07/01/2021 07/01/2022 07/01/2022 07/01/2022	\$2,858.48		\$42,053.00 5,440.00	(\$163.25) (44,148.00) (1,027.38)						\$2,858.24
						2,858.48		47,493.00	(51,379.63)						2,858.24
U.S. Department of Education: Passed-Through State Department of Education: ARP-IDEA Part B - Basic Total Special Education Cluster	84.027A 84.027X	H027A220100 H027A210100	IDEA481023	87,588.00 16,400.00	07/01/2022 07/01/2021	(18,400.00) (18,400.00)		87,588.00 103,988.00	(87,588.00) (87,588.00)						
Vocational Education: Perkins Secondary Application: Perkins Secondary Application: Perkins Secondary Application: Perkins Secondary Application: Expanding Pre-Apprenticeship: Perkins Secondary Application Reserve: Perkins Secondary Application Reserve: Total Vocational Education:	84.048 84.048 84.048 84.048 84.048 84.048 84.048	V048A180030 V048A200030 V048A210030 V048A220030 V048A210030 V048A210030 V048A220030	PERK481019 PERK481021 PERK481022 PERK481023 PERK481022 PERK481019 PERK481023	258,100.00 234,231.00 231,982.00 242,465.00 100,000.00 100,000.00 23,318.00	07/01/2021 07/01/2020 07/01/2021 07/01/2022 07/01/2021 07/01/2021 07/01/2022	278.00 2,192.79 5,061.76 (3,988.00) 938.37 8,502.84		127,147.00	(221,686.00)		(\$2,192.79)				278.00 9,061.76 938.37 10,308.15
Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA): ESSER II: ESSER II - Accelerated Learning: ESSER II - Mental Health: ARP-ESSER II Rescue Plan (ARP): ESSER II - Accelerated Learning: ESSER II - Evidence Based Summer Learning: ESSER II - Evidence Based Beyond School Day: ESSER II - Mental Health:	84.425D 84.425D 84.425D 84.425D 84.425U 84.425U 84.425U 84.425U	S425D210027 S425D210027 S425D210027 S425U210027 S425U210027 S425U210027 S425U210027 S425U210027		187,191.00 25,000.00 45,000.00 420,699.00 50,000.00 40,000.00 45,000.00	03/13/2020 03/13/2020 03/13/2020 03/13/2020 03/13/2020 03/13/2020 03/13/2020	(80,448.95) 327.06 (83,969.25) (764.00) (2,558.00) (2,843.00) (110,256.72)		50,840.00 5,068.00 14,861.03 5,476.70 20,667.88 9,919.00 (10,832.71)	(90,442.45) (5,918.08) (18,226.21) (5,476.70) (20,667.88) (10,227.63) (111,459.05)						
New Jersey Department of Children and Families: Statewide Child Welfare: School Based Linkages	93.558		1830-033	4,026.00	07/01/2022	(155,248.28)		419,509.26	(489,148.23)		(2,192.79)				13,004.38
Total Special Revenue Fund															
U.S. Department of Agriculture: Passed-Through State Department of Education: Proprietary Fund: Child Nutrition Cluster: National School Lunch Program: National School Lunch Program - Commodities: National School Lunch Program - Commodities: COVID Supply Chain Assistance Award: National School Breakfast Program: National School Breakfast Program: Total Child Nutrition Cluster	10.555 10.555 10.555 10.555 10.555 10.553	Z21NJ304N1099 Z21NJ304N1099 Z21NJ304N1099 Z21NJ304N1099 Z21NJ304N1099 Z21NJ304N1099	N/A N/A N/A N/A N/A N/A	128,694.23 27,841.11 9,414.88 9,405.01 22,461.63 27,503.65	07/01/2021 07/01/2022 07/01/2022 07/01/2022 07/01/2022 07/01/2022	(22,890.06) 771.04 (83,969.25) (5,731.00) (5,731.00) (27,850.02)		22,890.06 26,390.66 9,405.01 22,461.63 5,731.00 91,845.66	(27,841.11) (771.04) (18,571.73) (13,474.24) (5,364.72) (58,027.84)						
P-EBT Administrative Cost	10.649	202323900941	N/A	653.00	07/01/2022	(27,850.02)		91,845.66	(653.00)						9,820.67
Total Proprietary Fund															
Total Expenditures of Federal Awards															

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

SOMERSET COUNTY VOCATIONAL AND TECHNICAL SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATE GRANT/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2022		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENT	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE JUNE 30, 2023		BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
				UNEARNED REVENUE (ACCTS. RECEIVABLE)	DUE TO GRANITOR					(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE		
State Department of Education													
State General Fund:													
Special Education Aid	23-495-034-5120-078	\$281,881.00	07/01/2022			\$236,093.00	(\$281,881.00)	\$25,812.00				\$25,812.00	\$281,881.00
Special Education Aid	23-495-034-5120-089	389,105.00	07/01/2022			350,147.00	(389,105.00)	38,358.00				38,358.00	389,105.00
Security Categorical Aid	23-495-034-5120-084	64,725.00	07/01/2022			58,346.00	(64,725.00)	6,379.00				6,379.00	64,725.00
Vocational Expansion Stabilization Aid	N/A	712,851.00	07/01/2022			642,593.00	(712,851.00)	70,258.00				70,258.00	712,851.00
Total State Aid Cluster						1,287,145.00	(1,428,562.00)	140,817.00				140,817.00	1,428,562.00
On-Behalf TPAF Pension Post Retirement Medical	23-495-034-5094-001	596,597.00	07/01/2022			596,597.00	(596,597.00)						596,597.00
On-Behalf TPAF Pension Contribution	23-495-034-5094-002	2,239,963.00	07/01/2022			2,239,963.00	(2,239,963.00)						2,239,963.00
On-Behalf TPAF Long Term Disability Insurance	23-495-034-5094-002	762.00	07/01/2022			762.00	(762.00)						762.00
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	31,077.00	07/01/2022			31,077.00	(31,077.00)						31,077.00
Lead Voter Training Reimbursement	23-495-034-5120-104	4,650.00	07/01/2022	(\$110.81)		4,650.00	(4,650.00)						4,650.00
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	470,447.34	07/01/2021			110.81				(\$47,976.84)		47,976.84	470,447.34
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	497,195.36	07/01/2022			497,195.36	(497,195.36)						497,195.36
Total General Fund				(110.81)		4,510,223.33	(4,798,936.36)	140,817.00		(47,976.84)		188,693.84	5,289,253.70
Special Revenue Fund													
School Based - Linkages	1630-013	338,681.00	07/01/2019	4,440.12								\$4,440.12	334,382.66
School Based - Linkages	1630-013	340,440.00	07/01/2020	42,232.76								42,232.76	298,207.31
School Based - Linkages	1630-013	406,171.00	07/01/2021	26,361.72	\$0.65							26,362.37	379,809.63
School Based - Linkages	1630-013	355,201.00	07/01/2022	(52,251.62)		335,201.00	(323,728.49)					5,854.62	323,728.49
CTSO Skills Contribution (VICA)	22E00083	160,832.82	09/01/2021			46,397.00				(5,854.62)			154,978.82
CTSO Skills Contribution (VICA)	23E00083	158,500.00	09/01/2021			164,950.00	(157,241.12)			(52,581.12)		52,581.12	157,241.12
Total Special Revenue Fund				20,782.98	0.65	506,248.00	(480,995.61)			(58,445.74)		58,445.74	1,654,200.83
Proprietary Fund:													
Child Nutrition Cluster:													
State School Lunch Program	22-100-010-3350-023	3,030.53	07/01/2021	(526.79)		526.79	(1,191.00)					60.34	3,030.53
State School Lunch Program	23-100-010-3350-023	1,191.00	07/01/2022			1,191.00	(1,191.00)					9.80	1,191.00
Total Child Nutrition Cluster				(526.79)		1,784.55	(1,308.00)					70.24	4,338.53
Total Proprietary Fund				(526.79)		1,784.55	(1,308.00)					70.24	4,338.53
Total State Financial Assistance				\$20,145.38	\$0.65	\$5,118,235.88	(\$5,291,083.97)	\$140,817.00		(\$108,392.82)		\$104,507.76	\$8,027,793.06

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

Somerset County Vocational and Technical Schools
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2023

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Somerset County Vocational and Technical Schools. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 revenue, whereas GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

Somerset County Vocational and Technical Schools
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2023

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is zero for the general fund' (\$17,250,000.00) for the capital projects fund and \$43,519.55 for the special revenue fund. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$4,798,806.36	\$4,798,806.36
Special Revenue Fund	499,246.23	480,969.61	980,215.84
Capital Projects Fund		17,250,000.00	17,250,000.00
Food Service Fund	56,675.85	1,308.00	57,983.85
Total Awards and			
Financial Assistance	\$555,922.08	\$22,531,083.97	\$23,087,006.05
GAAP Adjustment		(\$17,206,480.45)	(17,206,480.45)
Total: GAAP Basis	<u>\$555,922.08</u>	<u>\$5,324,603.52</u>	<u>\$5,880,525.60</u>

NOTE 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.

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2023. 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.

Somerset County Vocational and Technical Schools
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| (a) | Material weakness identified? | No |
| (b) | Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to the financial statements noted during the audit? | No |

Somerset County Vocational and Technical Schools
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results (Continued)

Federal Program(s) – Not Applicable

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weakness identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08 and listed in Section III of this schedule? No

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
State Aid Cluster:	495-034-5120-078
Equalization Aid	495-034-5120-078
Special Education Categorical Aid	495-034-5120-089
Security Categorical Aid	495-034-5120-084
Vocational Expansion Stabilization Aid	N/A
School Based Linkages	1630-013

- (5) Program Threshold Determination:
Type A State Program Threshold > \$750,000.00
Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under N.J. OMB Circular 15-08? Yes

Somerset County Vocational and Technical Schools
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II – Financial Statement Audit – Reported Findings Under
Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs - None Reported

State Programs – None Reported

Somerset County Vocational and Technical Schools

Schedule of Prior Year Audit Findings

Not Applicable

