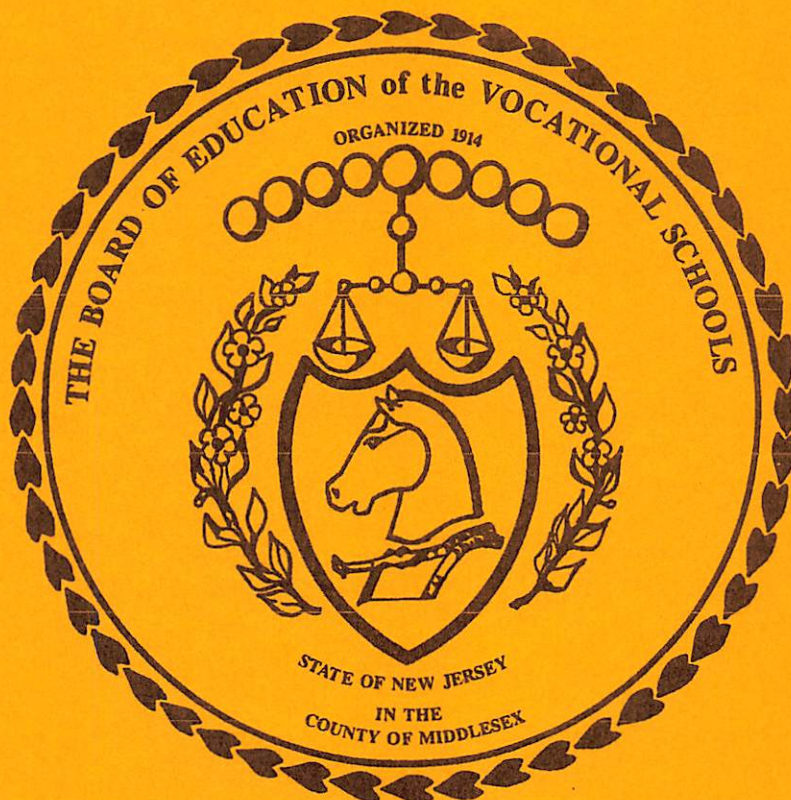


MIDDLESEX COUNTY VOCATIONAL AND TECHNICAL HIGH SCHOOLS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025



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

Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

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

Prepared by

Business Office

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9
 FINANCIAL SECTION	
Independent Auditor's Report	10
Required Supplementary Information – Part I	
Management's Discussion and Analysis	14
Basic Financial Statements	
Government-wide Financial Statements:	
A-1 Statement of Net Position	28
A-2 Statement of Activities	29
 Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	30
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	31
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
 Proprietary Fund:	
B-4 Statement of Net Position	33
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	34
B-6 Statement of Cash Flows	35
 Notes to the Basic Financial Statements	36-74

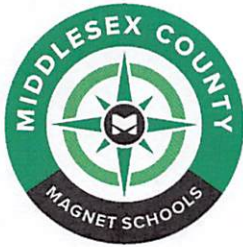
Table of Contents (continued)

FINANCIAL SECTION (continued)	<u>Page</u>
Required Supplementary Information and Notes to the RSI– Part II	
Schedules and Note Related to Accounting and Reporting for Pensions (GASB 68):	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees’ Retirement System (PERS)	75
L-2 Schedule of District Contributions – Public Employees’ Retirement System (PERS)	76
L-3 Schedule of State’s Proportionate Share of the Net Pension Liability Associated with the District – Teacher’s Pension and Annuity Fund (TPAF)	77
Schedule Related to Accounting and Reporting for OPEB (GASB 75):	
M-1 Schedule of State’s Proportionate Share of the OPEB Liability Associated with the District State Health Local Education Retired Employees Plan	78
Notes to Required Supplementary Information	79
Required Supplementary Information – Part III	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund (Budgetary -Basis)	80
C-2 Budgetary Comparison Schedule – Special Revenue Fund (Budgetary - Basis)	85
C-3 Note to the Required Supplementary Information – Budget to GAAP Reconciliation	86
Supplementary Information	
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – (Budgetary - Basis)	87
Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures – (Budgetary - Basis)	90
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – (Budgetary – Basis)	91
F-2 Schedules of Project Revenues, Expenditures, Project Balance and Project (a -j) Status – (Budgetary – Basis)	92

Table of Contents (continued)

	Page
SUPPLEMENTARY INFORMATION (continued)	
Long-Term Debt:	
I-2 Schedule of Financed Purchases Payable	102
STATISTICAL SECTION (Unaudited) – Other Information	
Financial Trends:	
J-1 Net Position by Component	103
J-2 Changes in Net Position	104
J-3 Fund Balances – Governmental Funds	105
J-4 Changes in Fund Balances – Governmental Funds	106
J-5 General Fund – Other Local Revenue by Source	107
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	108
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	109
J-17 Operating Statistics	110
J-18 School Building Information	111
J-19 Schedule of Required Maintenance for School Facilities	112
J-20 Insurance Schedule	113
SINGLE AUDIT SECTION	
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	114
K-2 Report on Compliance For Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB 15-08	116
K-3 Schedule A – Schedule of Expenditures of Federal Awards- Supplementary Information	119
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance- Supplementary Information	120
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	121
K-6 Schedule of Findings and Questioned Costs	124
K-7 Summary Schedule of Prior Year Audit Findings	N/A

Introductory Section



**COLLEGE READY.
CAREER READY.
LIFE READY.**

ADMINISTRATIVE OFFICES

Jorge E. Diaz, Superintendent

December 4, 2025

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

Dear Board Members and Constituents:

The *annual comprehensive financial report* of the Middlesex County Vocational and Technical Schools for the fiscal year ended June 30, 2025, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Middlesex County Vocational and Technical Schools Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

(1) Reporting Entity and Its Services.

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

The District provides a *full range of educational services* appropriate to grade levels 9 through 12 and post secondary. These include regular, vocational, as well as special education for handicapped

youngsters. The District completed the 2024-25 fiscal year with an enrollment of 2,598 students. The District reported 476 students graduated in 2025. The graduation rate was 100%

(2) Economic Condition and Outlook.

Middlesex County, located in the heart of Central New Jersey, has always thrived by virtue of its prime location as a corridor county. The County covers 3,092 square miles and is the 2nd most populous county in New Jersey. As economic conditions nationally and throughout the state have been erratic and unpredictable, it is our belief that Middlesex County will be in a good position to move forward given all of its industry resources.

Within its roots in manufacturing Middlesex has slowly “diversified” over time. Industries such as health care, education, professional services, and retail trade hold a higher stake in the local economy. The Department of Labor and Workforce development are estimating jobs to increase from approximately 449,700 in 2024 to 487,200 by 2034.

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

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

In 2024, the [Census Bureau estimated](#) the county's population at 890,119. According to the most recent information available (2023), Middlesex County has a median household income of \$109,028 and a median property value of \$439,300. As economic conditions improve these statistics will continue to grow.

(3) Major Initiatives.

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

With the support of Middlesex County, Middlesex College, and the State of New Jersey, the district has begun the construction of a new school building. The Securing our Children Future Bond Act was designed to expand career and technical education opportunities with the help of the program. The district is constructing their sixth school named “Innovation Magnet School”. The new school broke ground in March of 2025 and is slated to open fall of 2026. The new school will introduce advanced academic programs that cover engineering principles supporting robotics and energy-efficient systems, applications of advanced technology in building design, data networking systems, and agricultural practices to enhance environmental quality. These technological and sustainability-focused career programs are designed to meet the demands of a rapidly evolving workforce, expanding opportunities for students across the County.

At our existing campuses, the development of new and the upgrade of existing career and technical programs continue to be at the forefront of all the District's initiatives. The combination of research, curriculum development, and capital planning has become the foundation for the introduction of new programs throughout the district. Advanced manufacturing, global logistics, multi-media, music performance and technology, and arts technology continue to be a success with waiting lists for most programs. The District has done a large scale renovation of our Agriscience building at the East Brunswick Campus. Utilizing a federal grant provided through Middlesex County and the district's capital funding, we are nearing the completion of this significant upgrade to the facility. Improvements will include a state of the art lab, expanded classroom space, upgraded mechanical systems, and a new green house with advanced growing systems. At the Perth Amboy Campus, the district has renovated shop space for a new high school cosmetology program which opened in fall of 2025. East Brunswick Campus is developing a new Artificial Intelligence and Robotics Program. The District was awarded a grant from the NJ Department of Education to develop, write and publish an Artificial Intelligence and Robotics career and technical education curriculum. Perkins program funding we also continue to upgrade shop equipment. It is always our objective to train students on current technologies and state of the art equipment.

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

Our Academy model also continues to thrive within the district. Middlesex County Vocational and Technical Schools has been successfully maintaining two Academies over the past decade. Both the Academy for Science, Mathematics, and Engineering and the Academy for Allied Health and Biomedical Sciences have been recognized as National Blue Ribbon Schools and continue to be listed by the US News and World Reports among the best high schools in the Country. This recognition of the academic success of our students along with the hard work of our teachers is a testament to the positive occurrences happening at the Academies on a daily basis. The Academies provide students with a small learning community that will focus on college preparation. Technology labs foster hands-on applied learning, while rigorous and relevant academy courses are integrated into the career majors. The District has implemented a new program where students can take college courses and earn an associate degree by the time the students graduates. Some of the colleges the class of 2025 will be attending are as follows:

• Boston University	• Northwestern University
• Carnegie Mellon University	• Perdue University
• Columbia University	• Rice University
• Cornell University	• Rutgers University
• Duke University	• Seton Hall University
• Georgia Institute of Technology	• The College of New Jersey
• Harvard University	• University of Alabama

• MIT	• University of Maryland
• NJIT	• University of Pennsylvania
• NYU	• University of Pittsburgh

Facilities always remain a priority. The ability to provide a clean, safe, and comfortable learning environment for our students is paramount to our mission. All of our campuses are constantly examined and evaluated in terms of facility needs. Large scale maintenance projects are underway in both our Piscataway and East Brunswick buildings. The projects include flooring, lighting, ceiling tile replacement, and painting classrooms, corridors, and office spaces. The district also will engage in several capital projects including roof replacement, HVAC upgrades, interior renovations, and driveway and parking lot paving.

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

(4) Internal Accounting Controls.

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

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

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

(5) Budgetary Controls.

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

An *encumbrance accounting system* is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as a reserve of fund balance at June 30, 2025.

(6) Accounting System and Reports.

The District's accounting records reflect *generally accepted accounting principles*, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. As required by GASB 34, the Annual comprehensive financial report reflects activity for the fiscal year ended June 30, 2025 to include the Basic Financial Statements and Management's Discussion and Analysis. The Basic Financial Statements present information on two separate sets of financial statements. The District-wide statements reflect the District's activities as a whole on the full accrual basis of accounting. The Fund financial statements present the District's activities on an individual fund basis.

(7) Cash Management.

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

(8) Risk Management (Insurance).

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

Other Information.

(A) Independent Audit

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

(B) Awards and Recognition

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

- The Edison and Woodbridge Academy were ranked the Top 10 as New Jersey public High Schools and the Top 100 nationwide by the U.S. News and World Report's annual Best High School rankings.
- Woodbridge Academy was named a 2024 National Blue Ribbon School by the U.S. Department of Education. in recognition of exceptional teaching and learning. It was one of only 11 schools in New Jersey and just 356 schools nationwide to achieve this designation.
- The Edison and Woodbridge Academy were named as Advancement Placement School Honor Roll with Platinum Distinction.

- One East Brunswick student earned national recognition for their academic excellence. The student received the National Hispanic Recognition and National First-Generation Recognition Program Awards from College Board for achieving academic excellence. The programs celebrate the hard work of thousands of high school students nationwide to help them showcase their strong academic performance.
- February was National Career and Technical Education Month and the District celebrated with our annual Tech Expo. Groups from across our district showcased their talent and creativity to guests, judges, and their peers. Winners went on to present at the Annual Advisory dinner in April.
- Eight students (two each from East Brunswick, Perth Amboy, Piscataway and Woodbridge Academy) won the Middlesex County Unsung Hero Awards for demonstrating exceptional leadership, compassion, and community spirit.
- A group of students from the Edison Academy won the 2024 Congressional App Challenge in New Jersey's 6th Congressional District for their app "RADR". This app is an initiative to enhance amber alerts and assist in child abduction cases.
- Several students from Piscataway and East Brunswick's DECA club won various awards competing in different events at the State Career Development Conference allowing them to be eligible to participate in the National Conference.
- Various players for various sports were named all Gold, Silver, and White Division status. The Piscataway boys' soccer team were named Gold Division champions. One Athlete from Piscataway was named Player of the Year.
- Various players for various sports were named as GMC Scholar Athletes and received Sportsmanship Awards.
- The East Brunswick Cheer Competition team had a stellar season. The team placed 1st, 2nd, and 3rd places in several competitions including winning 1st place in the NJTAC State Competition.
- Numerous special project grants, which total over \$4.0 million, comprise another dimension of the awards and recognition received by the District over the 2024-25 year. This represents a tribute to the administration and staff that work extremely hard to compete for and maintain this level of grant award, year after year.

(9) Acknowledgements.

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

Respectfully submitted,

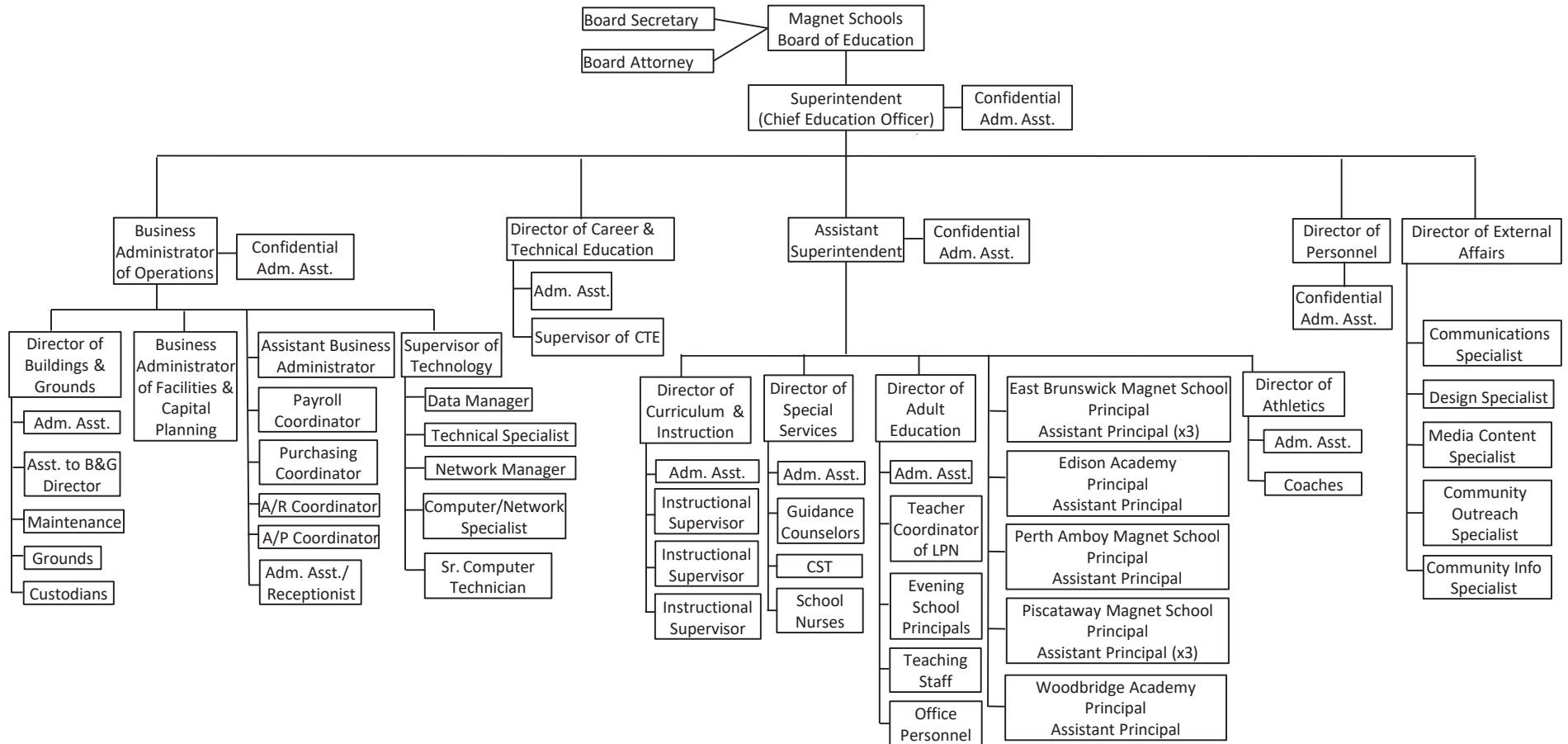

Jorge E. Diaz
Superintendent


Joseph Howe
Board Secretary/Business Administrator

Middlesex County Vocational and Technical High Schools Organizational Chart

Board of Education

June 30, 2025



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

Roster of Officials

June 30, 2025

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Keith Jones II, President	2026
Ms. Laura Czarneski, Vice President	2027
Mr. Vittorio Tartara, Board Member	2025
Ms. Christine Fausti	2028
Mr. Kyle Anderson, Acting Executive County Superintendent of Schools	N/A

Other Officials

Mr. Jorge E. Diaz, Superintendent

Mr. Joseph Howe, Ed. D., CPA, Board Secretary/Business Administrator of Operations

Mr. Karl J. Knehr, CPA, Business Administrator of Facilities

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

Mr. Joseph F. Greco, CPA, Treasurer

Connell Foley LLP, Board Attorney

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

Independent Auditors and Advisors

Independent Auditors

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

Architects

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

Attorney

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

Official Depository

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

Financial Section



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Middlesex County Vocational and Technical High Schools, County of Middlesex, New Jersey (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter - Change in Accounting Policy

We draw attention to Note 1 in the notes to financial statements which disclose the effects of the District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 101, "*Compensated Absences*". Our opinion is not modified with respect to this matter.

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

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

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

Page 2

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Page 3

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

Required Supplementary Information

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

Supplementary Information

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

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements, long-term debt schedules, schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Page 4

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2025. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 4, 2025

David J. Gannon

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

Required Supplementary Information – Part I

Management's Discussion and Analysis

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025
UNAUDITED

The following represents the Middlesex County Vocational and Technical High Schools’ (the “District”) discussion and analysis for fiscal year ended June 30, 2025. This document is designed to assist the reader in understanding the presentation format of the basic financial statements and provide an overview of the District’s financial activities. The analysis should aid the users in determining the impact of current year operations on the district’s overall financial position. Please use this discussion in conjunction with the transmittal letter to develop a better understanding of how the District’s operations relate to the financial information presented in this report.

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

ANNUAL REPORTING

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

GOVERNMENT-WIDE STATEMENTS

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

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

Assets	+	Deferred Outflow	-	Liabilities	-	Deferred Inflow	=	Net Position
---------------	----------	-------------------------	----------	--------------------	----------	------------------------	----------	---------------------

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Notes to the basic financial statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 36-74 of this report.

Other information: The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 80-102 of this report.

GOVERNMENT WIDE FINANCES

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

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

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

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

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

The following presents the net position of the governmental activities as of June 30, 2025 and 2024:

Table 1
Net Position
As of June 30,
(In Millions)

	2025	2024
Current and other assets	\$ 31.8	\$ 24.2
Capital assets	112.6	98.9
Total assets	144.4	123.1
Pension Deferrals	1.3	1.5
Current and other liabilities	7.1	4.0
Long-term liabilities	23.7	22.7
Total liabilities	30.8	26.7
Pension Deferrals	1.6	1.0
Net position		
Invested in capital assets	102.0	87.4
Restricted	22.8	19.0
Unrestricted	(11.5)	(9.6)
	\$ 113.3	\$ 96.8

An examination of Table 1 indicates significant increases in assets resulting in an overall increase of approximately \$16.5 million in net position for the 2024–25 fiscal year, from \$96.8 million at June 30, 2024 to \$113.3 million at June 30, 2025. Current and other assets increased from \$24.2 million to \$31.8 million, reflecting higher cash and receivables as the District continues to invest in facilities and instructional capacity while maintaining adequate operating liquidity. Capital assets grew from \$98.9 million to \$112.6 million, driven by ongoing building projects, equipment purchases, and facility improvements that support the District’s long-term instructional mission.

On the liability side, total liabilities rose from \$26.7 million to \$30.8 million, primarily due to changes in long-term obligations and pension-related balances, even as lease-purchase agreements continue to be paid down. Pension-related deferred outflows and inflows continue to fluctuate as the State’s actuaries update assumptions and experience factors. Despite these long-term obligations, the District’s overall financial position remains strong, with net investment in capital assets of \$102.0 million and restricted net position of \$22.8 million, offset by a negative unrestricted position that is largely attributable to accounting for pension and other long-term liabilities under full accrual reporting.

Table 2 offers a closer look at the \$(11.5) million in unrestricted net position:

Table 2
Unrestricted Net Position
As of June 30, 2025
(In Millions)

Unrestricted net position from:

Encumbrances	\$ 0.7
Designated in subsequent year	0.5
Unfunded compensated absences	(4.3)
Pension liability	(10.1)
Results from operations	<u>1.7</u>
Total	<u><u>\$ (11.5)</u></u>

Encumbrances: Encumbrances are used to record outstanding purchase commitments for the District on a perpetual basis. As ordered items are received and services are rendered throughout the school year, encumbrances are invoiced and eventually paid. Open encumbrances at year end represent the value of outstanding purchase commitments as of June 30, 2025. These amounts are recorded in unrestricted net position and re-appropriated in next year's budget.

Designated in subsequent year: This value represents the estimated amount of fund balance that was allocated to support the 2025-2026 budget. The annual school budget is prepared and adopted prior to the start of the new fiscal year (July 1, 2025).

Compensated Absences: Compensated absences consist of unused sick and personal days, which accumulate for every employee on an annual basis. Although the cost of these days is recorded as an expense when earned, the actual payout is only made upon the employee's retirement. If an employee leaves the district before retirement, the days are forfeited. The rate for accumulated sick and personal days is determined by contract. The current portion of this liability is also funded through the annual school budget. The increase in compensated absences is due to the cumulative effect of the change in accounting principle in accordance with GASB Statement No. 101.

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

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

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

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

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

Table 3 Change in Net Position Governmental Activities For the Year Ended (In Millions)		
	June 30, 2025	June 30, 2024
Revenues:		
Program Revenues:		
Federal and state grants	\$ 9.5	\$ 3.2
General revenues:		
Property taxes	27.2	26.8
Federal and state aid, not restricted	25.0	26.0
County capital contribution	6.5	8.2
County bond ordinance	3.3	1.5
Other general revenues	2.7	2.4
Total revenues	74.2	68.1
Functions/Program Expenses:		
Instruction		
Regular	11.0	10.4
Other special instruction	0.1	0.1
Vocational	11.6	12.0
Other instruction	1.0	0.9
Support Services		
Student and instruction related services	6.4	6.5
General administrative services	2.1	2.2
School administrative services	3.9	3.7
Plant operations and maintenance	10.0	9.3
Pupil transportation	0.3	0.2
Business and other support services	2.6	2.4
Special Schools	1.6	1.5
Interest Expense	0.2	0.3
Unallocated depreciation	3.9	3.7
Total expenses	54.7	53.2
Increase in Net Position	\$ 19.5	\$ 14.9

Table 3 shows that, even with some shifts in the mix of revenues, the District's governmental activities continued to generate revenues in excess of expenses in 2024–25. Total revenues for governmental activities were approximately \$74.2 million, compared with \$68.1 million in the prior

year. The increase is primarily attributable to receipt of state grant funding for the Securing Our Children's Future Bond Act the proceeds of which are funding construction of the new Innovation Magnet School (increase of \$3.2 million to \$9.5 million in federal and state grants which includes \$6.7 million from the Bond Act).

Total expenses increased from \$53.2 million to \$54.7 million, reflecting salary and benefit growth, higher plant operations and maintenance costs, and general inflationary pressures in goods and services, while maintaining relatively stable levels of instructional and support services. Even with these cost increases, revenues continued to exceed expenses, contributing to the overall increase of approximately \$16.5 million in governmental net position that is reported in Table 1. State-funded pension and postemployment medical benefit payments made on behalf of the District continue to create fluctuations in reported expenses and revenues but have limited impact on the District's underlying financial capacity, because the State funds the related cash outlays directly.

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

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

	June 30, 2025	June 30, 2024
Program Revenues:		
Charges for services	\$ 380.9	\$ 367.5
Federal and state reimbursement program	745.1	720.6
Total revenue	<u>1,126.0</u>	<u>1,088.1</u>
Functions/Programs:		
Food Services	<u>1,096.3</u>	<u>985.9</u>
Total expenses	<u>1,096.3</u>	<u>985.9</u>
Increase in net position	<u>\$ 29.7</u>	<u>\$ 102.2</u>

The food service program was run by the Aramark Corporation, a food service management company. While the District's management provides oversight and retains final responsibility, Aramark was responsible for the daily operations. As shown in Table 4, the food service program generated \$1.13 million in revenues in 2024–25, compared with \$1.09 million in 2023–24. Both charges for services and federal and state reimbursement revenue increased, reflecting higher meal participation and ongoing federal reimbursement support.

Total expenses increased to approximately \$1.10 million, up from \$986 thousand in the prior year, due to higher food costs, staffing, and supplies, as well as depreciation related to recent equipment investments. Even with these cost pressures, revenues continued to slightly exceed expenses, resulting in an increase in net position of about \$29.7 thousand in 2024–25. The District's contribution for food service operations remained at \$0, with the program operating on a self-supporting basis.

INDIVIDUAL FUND FINANCES

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

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

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

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

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

(A) The following schedule presents a summary of the general fund, special revenue fund and capital projects fund revenues for the fiscal year ended June 30, 2025 and increases and decreases as compared to the prior year

Revenue	Amount	Percent of Total	Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$46,473,106	58.42%	\$7,542,290	19.37%
State Sources	36,360,783	37.76%	1,812,692	5.25%
Federal Sources	<u>2,367,798</u>	<u>3.82%</u>	<u>(1,686,121)</u>	<u>(41.59)%</u>
Total:	<u>\$85,201,687</u>	<u>100.00%</u>	<u>\$ 7,668,861</u>	<u>9.9%</u>

Local sources saw a significant increase in the capital contribution from the County to compliment the funding from the Securing Our Children's Future Bond Act Grant from the State of New Jersey.

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

A decrease in federal sources represents the end of ESSER funding.

(B) The following schedule presents a summary of general fund, special revenue fund and capital projects fund expenditures for the fiscal year ended June 30, 2025, and the percentages of total increases and decreases as compared to the prior year.

Expenditures	Amount	Percent of Total	Increase (Decrease)	Percent of Increase (Decrease)
Current Expense:				
Instruction	\$18,864,772	23.38%	\$ 364,795	1.97%
Undistributed Expenditures	42,047,158	52.11%	1,647,064	4.08%
Capital Outlay	18,540,216	22.98%	7,011,440	60.82%
Special Schools	1,244,597	1.54%	78,024	6.69%
Total:	<u>\$80,696,743</u>	<u>100.00%</u>	<u>\$71,595,420</u>	<u>12.71%</u>

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

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

Capital outlay spending increased during 2024-2025 coincident with the construction of the Innovation Magnet Schools.

Special Schools increased due to staff returning from unfilled leave positions.

BUDGET ANALYSIS

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

Revenue:

1. Taxes were received in the amount budgeted.
2. Interest earned was received over budget as rates remained high and our capital reserve continued to increase.
3. Tuition collections were received over budget. This resulted from an increase in the amount of adult students enrolled in the LPN program.
4. Miscellaneous revenue collection was well over budget. This resulted from an increase in regular adult programs, ESIP rebates, and sale of obsolete equipment.

Expenditures:

Original Budget vs. Final Budget

1. The majority of variances between original and final budget can be explained by prior year encumbrances. Items that were ordered in the prior year and received in this fiscal year are rolled over into the current budget through the transfer line. These items increase the final appropriation and are spent through the current budget.
2. Transfers from special vocational instructional salary accounts were necessary as needs changed and developed over the course of the school year.
3. Additional school funds were needed in instructional supplies to purchase chromebooks and additional classroom technology for students.
4. Additional funds were need for school facilities maintenance to help with carpet/flooring repairs, installation of technology audio visual systems throughout the district, and other maintenance repairs and services.
5. Additional general administration funds were needed to help with expanding needs in the Board of Education offices.
6. Additional technical administration funds were needed to help with the increasing need for technology support throughout the school year.
7. Funds were needed for security to add a new visitor/guest security management system and upgrade our current security communications system.
8. Athletic fields needed more support requiring transfers into the grounds area.
9. Fringe benefits costs were less than anticipated for health benefits, workers compensation unemployment compensation, and tuition which allowed transfers to other accounts.

Final Budget vs. Actual

1. The majority of variances between final budget and actual can be explained by encumbrances. These reserves recognize goods and services ordered as of year end but not received. While this amount is shown as reserved on the balance sheet, the encumbrances are not reflected on schedule C-1 (pgs. 80-84), the budgetary comparison schedule.
2. Expenditures in various instructional and support salary accounts were less than expected. Current shortages and retirements after the budget is finalized account for the disparity between budget and actual.
3. Sick day payout came in high that anticipated due to a large amount of retirements and higher than expected payouts.
4. There was a surplus of funds in the electricity accounts as the energy saving improvements continue to help reduce cost.
5. Security services came in higher than anticipated with a needed increase in onsite Sheriff Officers.
6. A surplus of funds were left in the transportation accounts from utilizing our district bus for more student field trips.
7. Health benefits came in lower than expected with an unanticipated smaller increase in state health benefit plan premium.
8. Tuition reimbursement came in lower than anticipated due to a decrease in the number of classes taken by employees.
9. Instructor expense, supply cost, and other expense for evening school were over anticipated. Certain programs were not operated.

CAPITAL ASSETS AND LONG-TERM DEBT

CAPITAL ASSETS

As of June 30, 2025, capital assets for the district totaled \$112.6 million, net of accumulated depreciation. Capital assets include land, buildings, equipment, and construction in progress as detailed in Table 5.

Table 5
Capital Assets
June 30, 2025
(In Millions)

	Governmental Activities
Land and site improvements	\$ 11.7
Building and building improvements	74.4
Furniture and equipment	3.8
Construction-in-progress	22.7
	<u>\$ 112.6</u>

The net investment in capital assets increased 13.8% from the prior year. That increase included depreciation expense of \$4.71 million offset by additions recorded in the amount of \$18.6 million and net of related debt of \$10.6 million. The following is the detail of those additions:

	Additions (in millions)
Piscataway Partial Roof	\$ 0.95
East Brunswick Partial Roof	0.68
Perth Amboy RTU Replacement	1.63
Piscataway Partial Roof	1.14
East Brunswick Partial Auto Shop Roof	0.58
Piscataway AHU-10 Replacement	2.74
Perth Amboy VAV Replacement	0.32
Perth Amboy Intercom System Replacement	0.26
Construction in Progress	9.00
Equipment	1.30
	<u>\$ 18.60</u>

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

LONG-TERM DEBT

The majority of the long-term debt on the District's books as of June 30, 2025 is associated with two (2) Lease Purchase Agreements executed both between TD Equipment Finance and the District. The proceeds from each agreement were borrowed to support two (2) separate Energy Savings Improvement Plans (ESIP) spread throughout the District. The original Lease Purchase interest and principal payments are being made over 240 months and commenced on July 15, 2015, payable January and July 15th of each year. The second agreement provides for interest and principal payments to be made over 180 months and commenced on April 1, 2021 and payable April 1st of each year.

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

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

OTHER CONSIDERATIONS

While the District's financial picture has improved over the past few years, uncertainty exists around our state funding sources. After five fiscal years of increases, the District experienced a loss of state aid in Fiscal Year 2026. Accordingly, it is uncertain what the state aid may look like in the 2026-27 school year. The question that remains is whether the state budget can support future increases as obligations to the state pension systems and retirement health benefits continue to rise. Early indications from the state are not positive and suggest flat or reduced funding ahead. On the local level there is a state imposed cap with regard to the amounts municipal and county governments can increase local tax levies. While the cap doesn't apply to vocational districts directly, it will indirectly continue to limit any additional funding from our county funding source. The revenue cap stands currently at two percent. The District is a member of the NJ School Employee Health Benefits Plan which has undergone major double digit increases in recent years. For FY-26 the District was just notified of a 34% increase that will take effect January 1, 2026. Sustaining payments for these benefits and predicting future increases will be challenging.

The demand for enrollment in the Magnet Schools continues to increase. The County of Middlesex has partnered with the State of New Jersey to come up with a Community, Innovation, and Opportunity (CIO) Strategic Investment Plan to transform and bolster the County as well as our District. This is part of the Middlesex County's Destination 2040 Strategic Plan. Some of the highlights of their plan include: an open-air Multipurpose Community Venue for concerts, cultural events, and multiple sports such as baseball, soccer, or lacrosse, a Workforce Development & Conference Center, a new Community Park featuring an educational children's amenity, a new Student Center which will include campus and community amenities, a new Middlesex County Magnet School, a Destination Athletic Complex featuring 14 multi-sport synthetic fields; 16 tennis courts and a state-of-the-art recreational cricket field; and much more, an expansion of the existing exterior spaces, activating these areas by adding public art, seating, and water features. The new Innovation Magnet School will be the sixth high school within the Middlesex County Magnet School system and is currently under construction on the campus of Middlesex College, which already houses our Edison Academy. The school is currently in the process of enrolling a freshmen class and will open in September 2026. The Innovation Magnet School will offer programs like environmental technology and engineering, cybersecurity, and global logistics. Students will have the opportunity to take college level courses and have the ability to graduate with a high school diploma and a two year college degree. Consistent with the principles of Destination 2040, the CIO Strategic Investment will enhance life quality and drive economic development for all of Middlesex County.

FINANCIAL MANAGEMENT CONTACT

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2025.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Position
June 30, 2025**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 19,715,116		\$ 19,715,116
Internal balances	(509,009)	\$ 509,009	
Accounts receivable	12,595,292	51,099	12,646,391
Inventory		710	710
Capital assets, non-depreciable	29,977,844		29,977,844
Capital assets, depreciable, net	82,614,300	346,056	82,960,356
Total Assets	<u>144,393,543</u>	<u>906,874</u>	<u>145,300,417</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension deferrals	<u>1,319,861</u>		<u>1,319,861</u>
LIABILITIES			
Accounts payable	6,068,008	100,420	6,168,428
Accrued interest payable	94,843		94,843
Other payables	4,344	2,454	6,798
Unearned revenue	154,034		154,034
Payroll deductions and withholdings payable	740,221		740,221
Net pension liability	8,865,799		8,865,799
Noncurrent liabilities:			
Due within one year	1,253,730		1,253,730
Due beyond one year	13,595,225		13,595,225
Total liabilities	<u>30,776,204</u>	<u>102,874</u>	<u>30,879,078</u>
DEFERRED INFLOW OF RESOURCES			
Pension deferrals	<u>1,559,505</u>		<u>1,559,505</u>
NET POSITION			
Net investment in capital assets	102,023,634	346,056	102,369,690
Restricted for:			
Capital projects	16,791,805		16,791,805
Other purposes	5,792,016		5,792,016
Student Activities	213,239		213,239
Scholarships	14,472		14,472
Unrestricted	(11,457,471)	457,944	(10,999,527)
Total net position	<u>\$ 113,377,695</u>	<u>\$ 804,000</u>	<u>\$ 114,181,695</u>

See accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Activities
Year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 10,984,765		\$ 861,776		\$ (10,122,989)		\$ (10,122,989)
Other special instruction	105,491				(105,491)		(105,491)
Vocational	11,598,623		696,740		(10,901,883)		(10,901,883)
Other instruction	979,012				(979,012)		(979,012)
Support services:							
Student and instruction related services	6,424,002		1,232,301		(5,191,701)		(5,191,701)
General administrative services	2,163,486				(2,163,486)		(2,163,486)
School administrative services	3,950,181				(3,950,181)		(3,950,181)
Plant operations and maintenance	9,981,714			\$ 10,011,314	29,600		29,600
Pupil transportation	250,920				(250,920)		(250,920)
Business and other support services	2,610,562				(2,610,562)		(2,610,562)
Special schools	1,550,463				(1,550,463)		(1,550,463)
Interest expense	236,132				(236,132)		(236,132)
Unallocated depreciation	3,907,746				(3,907,746)		(3,907,746)
Total governmental activities	<u>54,743,097</u>		<u>2,790,817</u>	<u>10,011,314</u>	<u>(41,940,966)</u>		<u>(41,940,966)</u>
Business-type activities:							
Food Service	1,096,356	\$ 380,947	745,122			\$ 29,713	29,713
Total business-type activities	<u>1,096,356</u>	<u>380,947</u>	<u>745,122</u>			<u>29,713</u>	<u>29,713</u>
Total primary government	<u>\$ 55,839,453</u>	<u>\$ 380,947</u>	<u>\$ 3,535,939</u>	<u>\$ 10,011,314</u>	<u>(41,940,966)</u>	<u>29,713</u>	<u>(41,911,253)</u>
General revenues:							
Property taxes, levied for general purposes					27,178,728		27,178,728
Federal and State aid not restricted					24,970,410		24,970,410
County capital contribution					6,500,000		6,500,000
Tuition					534,135		534,135
Interest earned					673,425	43	673,468
Miscellaneous income					<u>1,575,504</u>		<u>1,575,504</u>
Total general revenues					61,432,202	43	61,432,245
Change in net position					<u>19,491,236</u>	<u>29,756</u>	<u>19,520,992</u>
Net Position—beginning of year, as reported					96,842,957	774,244	97,617,201
Cumulative effect of change in accounting principle					(3,163,643)		(3,163,643)
Prior period adjustment , capital assets net of accumulated depreciation					<u>207,145</u>		<u>207,145</u>
Net Position - beginning of year, as restated					<u>93,886,459</u>	<u>774,244</u>	<u>94,660,703</u>
Net Position—end of year					<u>\$ 113,377,695</u>	<u>\$ 804,000</u>	<u>\$ 114,181,695</u>

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Governmental Funds
Balance Sheet
June 30, 2025**

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 19,487,405	\$ 227,711		\$ 19,715,116
Accounts receivable:				
Interfunds receivable	229,801		\$ 9,220,952	9,450,753
Federal		755,936		755,936
State	72,878		6,736,304	6,809,182
Other governments	189,076	23,851	4,748,501	4,961,428
Other	68,746			68,746
Total assets	<u>\$ 20,047,906</u>	<u>\$ 1,007,498</u>	<u>\$ 20,705,757</u>	<u>\$ 41,761,161</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 837,653	\$ 413,461	\$ 3,913,952	\$ 5,165,066
Interfunds payable	9,733,155	226,607		9,959,762
Other payables	4,344			4,344
Unearned revenue	14,315	139,719		154,034
Payroll deductions and withholdings payable	740,221			740,221
Total liabilities	<u>11,329,688</u>	<u>779,787</u>	<u>3,913,952</u>	<u>16,023,427</u>
Fund balances:				
Restricted for:				
Capital reserve account	4,888,191			4,888,191
Capital projects			16,791,805	16,791,805
Excess Surplus - current year	27,083			27,083
Excess Surplus - prior year	876,742			876,742
Student Activities		213,239		213,239
Scholarships		14,472		14,472
Assigned to:				
Designated for subsequent years expenditures	473,258			473,258
Other Purposes	666,061			666,061
Unassigned	1,786,883			1,786,883
Total fund balances	<u>8,718,218</u>	<u>227,711</u>	<u>16,791,805</u>	<u>25,737,734</u>
Total liabilities and fund balances	<u>\$ 20,047,906</u>	<u>\$ 1,007,498</u>	<u>\$ 20,705,757</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$191,340,887 and the accumulated depreciation is \$78,748,745 (see Note 4). 112,592,144

Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds (94,843)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 5). (14,848,955)

Deferred pension costs in governmental activities are not resources and are therefore not reported in the funds. (239,644)

Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (8,865,799)

Accrued pension contributions for the June 30, 2025 plan year end are paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide Statement of Net Position. (902,942)

Net position of governmental activities \$ 113,377,695

See accompanying notes to the basic financial statements.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	Major Funds			Total
	General Fund	Special Revenue Fund	Capital Projects Fund	Governmental Funds
REVENUES				
Local sources:				
Local tax levy	\$ 27,178,728			\$ 27,178,728
County capital contribution			\$ 6,500,000	6,500,000
County Bond Ordinance			3,275,010	3,275,010
Bond Act Grant			6,736,304	6,736,304
Tuition charges	534,135			534,135
Interest earned	673,425			673,425
Miscellaneous	586,315	\$ 989,189		1,575,504
Total local sources	28,972,603	989,189	16,511,314	46,473,106
State sources	36,035,595	325,188		36,360,783
Federal sources	41,124	2,326,674		2,367,798
Total revenues	65,049,322	3,641,051	16,511,314	85,201,687
EXPENDITURES				
Current:				
Regular instruction	8,092,584	722,042		8,814,626
Other special instruction	83,115			83,115
Vocational education	8,560,704	590,883		9,151,587
Other instruction	815,444			815,444
Support services and undistributed costs:				
Student and instruction related services	4,137,206	1,080,786		5,217,992
General administrative services	1,897,541			1,897,541
School administrative services	3,035,571			3,035,571
Plant operations and maintenance	9,750,742			9,750,742
Pupil transportation	238,963			238,963
Business and other support services	2,130,855			2,130,855
Unallocated benefits	19,376,480	399,014		19,775,494
Capital outlay	98,382	808,665	17,633,169	18,540,216
Special schools	1,244,597			1,244,597
Total expenditures	59,462,184	3,601,390	17,633,169	80,696,743
Excess (deficit) of revenues over (under) expenditures	5,587,138	39,661	(1,121,855)	4,504,944
OTHER FINANCING SOURCES (USES)				
Transfers in	244,919		15,000,000	15,244,919
Transfers out	(15,000,000)		(244,919)	(15,244,919)
Total other financing sources (uses)	(14,755,081)	-	14,755,081	-
Net change in fund balances	(9,167,943)	39,661	13,633,226	4,504,944
Fund balance, July 1	17,886,161	188,050	3,158,579	21,232,790
Fund balance, June 30	\$ 8,718,218	\$ 227,711	\$ 16,791,805	\$ 25,737,734

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

See accompanying notes to the basic financial statements.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2025

Total net change in fund balances - governmental funds (from B-2) **\$ 4,504,944**

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

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

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

Capital additions	\$	18,566,202	
Disposition of capital assets		(329,250)	
Depreciation expense		<u>(4,708,569)</u>	13,528,383

In the statement of net position, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount reflects the change from prior year. 7,023

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 841,868

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (214,022)

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

Pension expense		<u>823,040</u>	
-----------------	--	----------------	--

Change in net position of governmental activities (A-2) **\$ 19,491,236**

Proprietary Fund

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Position
Enterprise Fund
June 30, 2025

	<u>Major Fund</u>
	<u>Food</u>
	<u>Service</u>
ASSETS	
Current assets:	
Accounts receivable:	
State	\$ 3,069
Federal	41,339
Interfund	509,009
Other	6,691
Inventory	710
Total current assets	<u>560,818</u>
Noncurrent assets:	
Capital assets:	
Furniture, machinery & equipment	575,285
Less accumulated depreciation	<u>(229,229)</u>
Total capital assets, net	<u>346,056</u>
Total assets	<u>906,874</u>
LIABILITIES	
Current liabilities:	
Accounts payable	100,420
Other payables	<u>2,454</u>
Total current liabilities	<u>102,874</u>
NET POSITION	
Investment in capital assets	346,056
Unrestricted	<u>457,944</u>
Total net position	<u><u>\$ 804,000</u></u>

See accompanying notes to the basic financial statements.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Fund
Year Ended June 30, 2025

	<u>Major Fund</u>
	<u>Food</u>
	<u>Service</u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 184,526
Daily sales - non-reimbursable programs	183,356
Special functions	13,065
Total operating revenues	<u>380,947</u>
Operating expenses:	
Salaries	560,325
Cost of sales-reimbursable programs	152,120
Cost of sales - non-reimbursable programs	104,674
Food donation program	81,046
Other purchased services	96,390
General supplies	49,425
Depreciation	52,376
Total operating expenses	<u>1,096,356</u>
Operating (loss)	<u>(715,409)</u>
Nonoperating revenues:	
State sources:	
State school lunch program	35,982
State school breakfast program	10,314
P-EBT Administrative Cost	321
Federal sources:	
National school lunch program	471,773
School breakfast program	145,364
P-EBT Administrative Cost	322
Food donation program	81,046
Interest	43
Total nonoperating revenues	<u>745,165</u>
Change in net position	29,756
Total net position—beginning of year	774,244
Total net position—end of year	<u><u>\$ 804,000</u></u>

See accompanying notes to the basic financial statements.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Cash Flows
Enterprise Fund
Year Ended June 30, 2025

	Major Fund
	Food
	Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 380,853
Payments to employees	(560,325)
Payments to suppliers	(432,762)
Net cash (used in) operating activities	<u>(612,234)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from state reimbursements	45,670
Cash received from federal reimbursements	698,041
Cash disbursed to other funds	(110,652)
Net cash provided by noncapital financing activities	<u>633,059</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(20,868)
Net cash (used in) capital and related financing activities	<u>(20,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	43
Net cash provided by investing activities	<u>43</u>
Net change in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	<u>\$ -</u>
Reconciliation of operating loss to net cash	
(used in) operating activities:	
Operating loss	\$ (715,409)
Adjustments to reconcile operating loss to net cash	
(used in) operating activities:	
Depreciation	52,376
(Increase) in other receivables	(94)
Decrease in inventories	12,983
Increase in other liabilities	397
Increase in accounts payable	37,513
Total adjustments	<u>103,175</u>
Net cash (used in) operating activities	<u>\$ (612,234)</u>

The District received \$81,046 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2025.

See accompanying notes to the basic financial statements.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

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

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

B. Government-wide and fund financial statements

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

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

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

The District has reported the following major governmental funds:

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

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

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

The District reports the following major proprietary fund:

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

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

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

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

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

D. Budgets/Budgetary Control

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

Budget amendments during the year ended June 30, 2025 were not significant and approved by the Board and the New Jersey Department of Education where required.

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control (continued)

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

E. Cash, Cash Equivalents and Investments

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

F. Interfund Receivables/Payables

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

G. Inventories

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

H. Capital Assets

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets (continued)

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

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

I. Compensated Absences

The liability for compensated absences represents the vacation and sick time ("leave"/"leave days") and salary related payments which have been earned for services previously rendered by employees in accordance with the District's various collective bargaining agreements, accumulates, is allowed to be carried over to subsequent year(s) and is deemed more likely than not (by management) to be used for time off or otherwise paid/settled in the future. The liability is calculated based on each employee's rate of pay and the number of unused leave days accumulated as of year-end, management's assumption that likelihood of future use (either by use during employment or settlement/payment upon separation from service) is probable, and the salary-related payments that are directly and incrementally associated with payments for the leave. The District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability for compensated absences is reflected in the government-wide financial statements as current and long-term liabilities. In the fund financial statements, only the compensated absences liability that has matured through employee resignation or retirement and is expected to be payable from expendable available financial resources is reported. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 101, "*Compensated Absences*."

J. Unearned Revenue

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned and outstanding encumbrances. Unearned revenue in the General Fund represents tuition for Fall 2025 programs received on or before June 30, 2025.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

K. Long-Term Obligations

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

L. Fund Balances

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances (continued)

- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

Of the \$8,718,218 of fund balances in the General Fund, \$666,061 of encumbrances is assigned to other purposes, \$4,888,191 has been restricted for the capital reserve, \$27,083 has been restricted for excess surplus – current year, \$876,742 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$473,258 has been classified as assigned fund balance designated for subsequent years' expenditures and \$1,786,883 is classified as unassigned. The fund balance in the Special Revenue Fund of \$227,711 is restricted for student activities and scholarships. The fund balance in the Capital Projects Fund of \$16,791,805 is restricted for capital projects.

M. Calculation of Excess Surplus

The designation for restricted fund balance – excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess surplus for June 30, 2025 was \$903,825. Of this amount, \$876,742 has been appropriated in the 2025-2026 budget and the remaining \$27,083 will be required to be appropriated in the 2026-2027 budget.

N. Net Position

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

N. Net Position (continued)

Net positions are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

O. Management Estimates

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

P. On-Behalf Payments

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

Q. Tax Abatements

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

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth. Middlesex County has not entered into any tax abatement agreements, however, municipalities within the County have during calendar year 2025. Various municipalities were required to remit monies under statute to the County. None of those payments were due to the District.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

R. Recently Issued Accounting Pronouncements

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. See Note 16.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. The District has implemented this standard. See Note 16.

The GASB issued Statement No. 102, *Certain Risk Disclosures* in January 2024. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for periods beginning after June 15, 2024, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements* in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets including lease assets, intangible right-to-use assets, subscription assets, other intangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter. Management has not determined the impact of the Statement on the financial statements.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

1. Summary of Significant Accounting Policies (continued)

S. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2025 and December 4, 2025, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

2. Reconciliation of Government-Wide and Fund Financial Statements

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

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

The details of this difference are as follows:

Compensated absences	\$ 4,280,445
Financed purchases payable	<u>10,568,510</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 14,848,955</u>

3. Deposits and Investments

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

3. Deposits and Investments (continued)

federally insured. All public depositories must pledge collateral, having a market value at last equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

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

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

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

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by commercial banking institutions. At June 30, 2025, the District's carrying amount of deposits was \$19,715,116 and the bank balance was \$24,043,198. Of the bank balance, \$500,000 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$22,747,151. \$796,047 held in the District agency accounts are not covered by GUDPA. Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

3. Deposits and Investments (continued)

but not in the government's name. The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

New Jersey statutes permit the Board to purchase the following types of investments; however, there are no investments held by the District at June 30, 2025:

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2025:

	Beginning Balance (As Restated)*	Increases	Transfers/ Disposals/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,307,200			\$ 7,307,200
Construction in progress	13,683,126	\$ 15,628,191	\$ (6,640,673)	22,670,644
Total capital assets, not being depreciated	20,990,326	15,628,191	(6,640,673)	29,977,844
Capital assets, being depreciated:				
Site improvements	12,093,911			12,093,911
Buildings and building improvements	127,984,420	8,333,589		136,318,009
Machinery and equipment	23,728,410	1,245,095	(12,022,381)	12,951,124
Total capital assets being depreciated	163,806,741	9,578,684	(12,022,381)	161,363,044
Less accumulated depreciation for:				
Site improvements	(7,296,726)	(362,602)		(7,659,328)
Buildings and building improvements	(58,354,995)	(3,545,144)		(61,900,139)
Machinery and equipment	(20,081,586)	(800,823)	11,693,131	(9,189,278)
Total accumulated depreciation	(85,733,307)	(4,708,569)	11,693,131	(78,748,745)
Total capital assets, being depreciated, net	78,073,434	4,870,115	(329,250)	82,614,299
Governmental activities capital assets, net	\$ 98,865,773	\$ 20,498,306	\$ (6,969,923)	\$ 112,592,143

*See Note 16

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

Regular instruction	\$ 4,651
Vocational instruction	462,681
Support services	4,250
School administrative services	121,291
General administrative services	4,697
Plant operation and maintenance	203,253
Unallocated depreciation	3,907,746
Total depreciation expense – governmental activities	<u>\$ 4,708,569</u>

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

4. Capital Assets (continued)

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2025:

	Beginning Balance	Increases	Ending Balance
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 554,417	\$ 20,868	\$ 575,285
Less accumulated depreciation for:			
Equipment	(176,853)	(52,376)	(229,229)
Total business-type activities capital assets, net	<u>\$ 377,564</u>	<u>\$ (31,508)</u>	<u>\$ 346,056</u>

5. Long-Term Liabilities

During the year ended June 30, 2025, the following changes occurred in long-term liabilities:

	Beginning Balance	Cumulative Effect Change in Accounting Principle*	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:						
Compensated absences payable	\$ 902,780	\$ 3,163,643	\$ 214,022		\$ 4,280,445	\$ 428,045
Financed purchases payable	11,410,378			\$ (841,868)	10,568,510	825,685
Subtotal	12,313,158	3,163,643	214,022	(841,868)	14,848,955	1,253,730
Net pension liability	10,358,972			(1,493,173)	8,865,799	
Governmental activities long-term liabilities	<u>\$ 22,672,130</u>	<u>\$ 3,163,643</u>	<u>\$ 214,022</u>	<u>\$ (2,335,041)</u>	<u>\$ 23,714,754</u>	<u>\$ 1,253,730</u>

The change in compensated absences in presented as a net change.

*See Note 16.

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

5. Long-Term Liabilities (continued)

Bonds Payable and Bonds Authorized but Not Issued

As of June 30, 2025, the District had no bonds payable and no authorized but not issued bonds.

Debt issued by the County of Middlesex

Bonds for capital improvements are authorized in accordance with State law by the County of Middlesex Board of Commissioners by adopting a bond ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County of Middlesex are general obligation bonds of the County of Middlesex and therefore are not recorded as debt of the District. As of June 30, 2025, debt outstanding and recorded in the financial statements of the County of Middlesex related to the District amounted to \$24,930,000.

In April 2024, Middlesex County, through the Board of School Estimate, approved and subsequently adopted a bond ordinance providing for the design and construction of a new school building on the premises of Middlesex College in the amount of \$47,000,000, of which \$44,761,900 was authorized for debt. The District also received a grant from the New Jersey Department of Education in the amount of \$23,137,500 from the Securing Our Children's Future Bond Act which will be used to reimburse Middlesex County for amounts expended from the bond ordinance. Lastly, the District received \$15 million from the State of New Jersey via the annual appropriations act in \$5 million increments from the 2023, 2024 and 2025 State fiscal year budgets.

Financed Purchases Payable

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

5. Long-Term Liabilities (continued)

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

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

Future Minimum Lease Payments - Future minimum lease payments under the financed purchase agreement along with the present value of the minimum lease payments as of June 30, 2025 are:

<u>Year Ending June 30.</u>	<u>Amount</u>
2026	\$ 1,051,054
2027	1,079,332
2028	1,107,835
2029	1,141,087
2030	1,168,948
2031-2035	<u>6,334,279</u>
Total Minimum Lease Payments	11,882,535
Less: Amount representing interest	<u>(1,314,025)</u>
Present Value of Net Minimum Lease Payments	<u>\$10,568,510</u>

The gross amount of assets recorded under the energy conservation leases amounted to \$16,178,200. All financed purchase obligations are presented on Schedule I-2 of this report.

6. Pension Plans

Description of Systems

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

6. Pension Plans (continued)

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. The Public Employees' Retirement System is considered a cost-sharing multiple-employer defined benefit plan. Employees in the Food Service Enterprise Fund are employees of the Food Service Management Company and therefore not eligible for pension benefits.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage, including post-retirement health care, to substantially all full-time public-school employees in the State. Members are fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In the case of death before retirement, members beneficiaries are entitled to full interest credited to the members' accounts.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching the age of 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching the age of 62 and Tier 5 members upon reaching the age of 65. Early retirement benefits are available to Tiers 1 and 2 members with 25 years or more of service credit before reaching age 60, Tiers 3 and 4 members with 25 years or more of service credit before age 62 and Tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent each month when a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established in January 1955 and the contribution policy, vesting and benefit provisions are set by the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State of New Jersey or any county, municipality, school board or public agency, provided the employee is not a member of another State-administered retirement system or other state pension fund or local jurisdiction's pension fund.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

6. Pension Plans (continued)

Members are classified into one of five tiers dependent upon the date of their enrollment. Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching the age of 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching the age of 62 and Tier 5 members upon reaching the age of 65. Early retirement benefits are available to Tiers 1 and 2 members with 25 years or more of service credit before reaching age 60, Tiers 3 and 4 members with 25 years or more of service credit before age 62 and Tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contribution rates for TPAF and PERS are 7.5% of employees' pensionable compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2025, the State of New Jersey contributed \$9,041,915 to the TPAF for normal costs of pension and post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,547,934 during the year ended June 30, 2025 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

6. Pension Plans (continued)

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2025, 2024, and 2023 were \$887,839, \$955,862, and \$933,633, respectively.

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

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

Public Employees' Retirement System (PERS)

At June 30, 2025, the District reported a liability of \$8,865,799 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.0652470525 percent, which was a decrease of 0.0062712045 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized full accrual pension benefit of \$832,197 in the government-wide financial statements. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 11,014	\$ 100,872
Differences between expected and actual experience	177,598	23,604
Changes in proportion	228,307	1,023,946
Difference between projected and actual earnings on pension plan investments		411,083
District contributions subsequent to the measurement date	902,942	
	<u>\$ 1,319,861</u>	<u>\$ 1,559,505</u>

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

6. Pension Plans (continued)

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

The \$902,942 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2026	\$	(567,413)
2027		155,365
2028		(428,113)
2029		(289,974)
2030		(12,451)
	\$	<u>(1,142,586)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 - 6.55% based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

6. Pension Plans (continued)

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

Mortality Rates

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

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, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

6. Pension Plans (continued)

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

2024		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00%	8.63%
Non-U.S. developed markets equity	12.75%	8.85%
International small cap equity	1.25%	8.85%
Emerging markets equity	5.50%	10.66%
Private equity	13.00%	12.40%
Real estate	8.00%	10.95%
Real assets	3.00%	8.20%
High yield	4.50%	6.74%
Private credit	8.00%	8.90%
Investment grade credit	7.00%	5.37%
Cash equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk mitigation strategies	3.00%	7.10%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

6. Pension Plans (continued)

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

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

2024	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 5,488,069	\$ 8,865,799	\$ 2,974,729
<i>Pension Plan Fiduciary Net Position</i>			

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.

Additional Information

Collective balances of the Local Group at June 30, 2024 are as follows:

Deferred outflows of resources	\$ 1,079,580,780
Deferred inflows of resources	\$ 1,611,322,898
Net pension liability	\$ 13,702,423,985
 District's proportion	 0.0652470525%

Collective pension expense (benefit) for the Local Group for the measurement periods ended June 30, 2024 is \$372,160,096.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2024, 2023, 2022, 2021, 2020 and 2019 is 5.08, 5.08, 5.04, 5.13, 5.16 and 5.21 years, respectively.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

6. Pension Plans (continued)

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

Special Funding Situation

A special funding situation exists for certain local participating employers in the PERS. The State of New Jersey, a non-employer contributing entity, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The June 30, 2024 State special funding situation net pension liability amount of \$114.3 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133.

Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2024, there was no net pension liability associated with this special funding situation there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$53.7 million, for the fiscal year ending June 30, 2024, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2024. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The District's expense and related revenue pertaining to the special funding situation is \$28,583.

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

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

6. Pension Plans (continued)

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

of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2024 was \$77,634,322. The District's proportionate share was \$0. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2024, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1570746685 percent, which was a decrease of 0.0049365347 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$6,994,441 for contributions incurred by the State.

Actuarial assumptions

The total pension liability in the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
	2.75 – 5.65%
	based on years of service
Investment rate of return	7.00%

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

6. Pension Plans (continued)

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 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, 2023 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, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

6. Pension Plans (continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2024 are summarized in the following table:

2024		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00%	8.63%
Non-U.S. developed markets equity	12.75%	8.85%
International small cap equity	1.25%	8.85%
Emerging markets equity	5.50%	10.66%
Private equity	13.00%	12.40%
Real estate	8.00%	10.95%
Real assets	3.00%	8.20%
High yield	4.50%	6.74%
Private credit	8.00%	8.90%
Investment grade credit	7.00%	5.37%
Cash equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk mitigation strategies	3.00%	7.10%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

6. Pension Plans (continued)

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

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

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

2024	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 92,279,382	\$ 77,634,322	\$ 65,300,413

Pension plan fiduciary net position

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

Additional Information

Collective balances of the Local Group at June 30, 2024 are as follows:

Deferred outflows of resources	\$ 1,176,934,477
Deferred inflows of resources	\$ 10,530,833,639
Net pension liability	\$ 49,425,106,602
District's proportion	0.1570746685%

Collective pension benefit for the plan for the measurement period ended June 30, 2024 is \$148,167,647. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, and 2017 is 7.84, 7.93, 7.83, 7.99, 8.04, 8.29, 8.29, and 8.30 years, respectively.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

7. Post-Retirement Benefits

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan:

The State Health Benefits Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that 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 Benefits Local Education Retired Employees Plan provides medical, prescription drug and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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. Accordingly, 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 or more years 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) and the Public Employees' Retirement System (PERS). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for post medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage 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.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits was \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021.

Additional information on Pensions and OPEB can be N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be accessed on the Division of Pensions & Benefits Financial Reports webpage:

<https://www.state.nj.us/treasury/pensions/financialreports.shtml>.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

7. Post-Retirement Benefits (continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Local Education	June 30, 2024
Active Plan Members	219,185
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	153,556
Total Plan Members	<u>372,741</u>

Actuarial Assumptions and other Inputs

The total non-employer OPEB liability of \$59,650,630,530 as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024 and included in the June 30, 2024 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:	2.75 - 5.65%	2.75 - 6.55%
	based on years of service	based on years of service

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "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, 2023 valuation were based on the results of the TPAF and PERS experience studies prepared for July1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

7. Post-Retirement Benefits (continued)

Discount Rate

The discount rate used to measure the total OPEB liability for June 30, 2024 was 3.93%. 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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Changes in Total Non-employer OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2024:

Balance Total OPEB Liability at June 30, 2023		\$ 90,825,109
Changes for the year:		
Service cost	\$ 3,088,199	
Interest	3,462,292	
Differences between expected and actual experiences	2,489,629	
Changes in assumptions or other inputs	7,868,897	
Member contributions	90,540	
Gross benefit payments	(2,644,208)	
Net Changes		14,355,349
Balance Total OPEB Liability at June 30, 2024		<u>\$ 105,180,458</u>

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

7. Post-Retirement Benefits (continued)

The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2024 calculated using a 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 (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

	1% Decrease (2.93%)	At Current Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	<u>\$ 123,188,842</u>	<u>\$ 105,180,458</u>	<u>\$ 90,697,979</u>

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2024 calculated using a healthcare cost 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 healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	<u>\$ 87,616,087</u>	<u>\$ 105,180,458</u>	<u>\$ 128,059,210</u>

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

For the year ended June 30, 2024, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of (\$1,644,023) for OPEB expenses incurred by the State. Collective balances of the Education Group at June 30, 2024 are as follows:

Deferred outflows of resources	\$	18,640,445,786
Deferred inflows of resources	\$	25,058,850,175
Collective OPEB expense	\$	1,999,742,665
District's Proportion		0.18%

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

7. Post-Retirement Benefits (continued)

Special Funding Situation

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

8. Risk Management

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

New Jersey Unemployment Compensation Insurance

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

9. Deferred Compensation

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

10. Interfund Receivables and Payables

The total interfund accounts receivables and payables for the District are as follows at June 30, 2025:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 229,801	\$ 9,733,155
Special Revenue Fund		226,607
Capital Projects Fund	9,220,952	
Enterprise Fund - Food Service	509,009	
	<u>\$ 9,959,762</u>	<u>\$ 9,959,762</u>

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

10. Interfund Receivables and Payables (continued)

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

11. Economic Dependency

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

12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), relating to its capital projects. The District is required to expend funds in accordance with its approved final eligible costs. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired.

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

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

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

13. Capital Reserve Account

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

The activity of the capital reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Beginning Balance, July 1, 2024	\$	13,705,556
Add: June Deposit		600,000
Interest		582,635
Infrastructure Aid		5,000,000
Less: Transfer to Capital Projects		(15,000,000)
Ending Balance, June 30, 2025	\$	<u>4,888,191</u>

At June 30, 2025, the amount deposited in the capital reserve account does not exceed the District's local share reported in its Long-Range Facility Plan.

14. Commitments

The District has contractual commitments at June 30, 2025 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$666,061.

In addition, the District has \$35,618,858 of contractual commitments at June 30, 2025 to vendors related to the ongoing construction projects, recorded as restricted for capital projects, in the capital projects fund.

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

Notes to the Basic Financial Statements

Year ended June 30, 2025

15. Net Position – Net Investment in Capital Assets

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$102,023,634 indicated as part of the Governmental Activities net position is calculated as follows:

Capital Assets, Net	\$ 112,592,144
Less:	
Financed Purchases Payable	<u>10,568,510</u>
Net Investment in Capital Assets	<u><u>\$ 102,023,634</u></u>

16. Change in Accounting Principle and Restatement of Net Position

Effective for the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*. This statement establishes new recognition and measurement criteria for compensated absences, requiring governments to recognize a liability for certain types of compensated absences when the leave is earned, rather than when it is paid.

In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, the provisions of GASB Statement No. 101 were adopted effective July 1, 2024. As a result, the compensated absences liability was restated as of June 30, 2024, and the cumulative effect of the change in the governmental activities of (\$3,163,643) was recognized in the 2024 change in net position.

In addition, the District performed a comprehensive inventory of its capital assets during the 2025 fiscal year that resulted in a restatement of capital assets, net of accumulated depreciation in the amount of \$207,145.

Required Supplementary Information – Part II

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

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

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	June 30, 2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset) - Local Group	0.0652470525%	0.0715182570%	0.0740362765%	0.0711596323%	0.0712574900%	0.0702785216%	0.0718815312%	0.0730781486%	0.0735984367%	0.0732122503%
District's proportionate share of the net pension liability (asset)	\$ 8,865,799	\$ 10,358,972	\$ 11,173,093	\$ 8,429,925	\$ 11,620,233	\$ 12,663,123	\$ 14,153,115	\$ 17,011,425	\$ 21,797,746	\$ 16,434,683
District's covered-employee payroll	\$ 5,650,512	\$ 5,414,062	\$ 5,311,055	\$ 5,342,312	\$ 5,139,312	\$ 5,043,426	\$ 5,139,312	\$ 5,043,426	\$ 5,139,312	\$ 5,065,509
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	156.90%	191.33%	210.37%	157.80%	226.10%	251.08%	275.39%	337.30%	424.14%	324.44%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

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

See accompanying notes to required supplementary information.

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

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	June 30, 2020	2019	2018	2017	2016
Contractually required contribution	\$ 887,839	\$ 955,862	\$ 933,633	\$ 833,362	\$ 779,522	\$ 685,773	\$ 717,476	\$ 684,018	\$ 676,991	\$ 653,838
Contributions in relation to the contractually required contribution	(887,839)	(955,862)	(933,633)	(833,362)	(779,522)	(685,773)	(717,476)	(684,018)	(676,991)	(653,838)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 5,414,062	\$ 5,311,055	\$ 5,342,312	\$ 5,139,312	\$ 5,043,426	\$ 5,139,312	\$ 5,043,426	\$ 5,139,312	\$ 5,065,509	\$ 4,991,828
Contributions as a percentage of covered-employee payroll	16.40%	18.00%	17.48%	16.22%	15.46%	13.34%	14.23%	13.31%	13.36%	13.10%

See accompanying notes to required supplementary information.

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

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	June 30, 2020	2019	2018	2017	2016
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.1570746685%	0.1620112032%	0.1653485820%	0.1667938390%	0.1663261017%	0.1725232996%	0.1688990540%	0.1701222442%	0.1720627833%	0.1733467542%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 77,634,322	\$ 82,678,642	\$ 85,310,635	\$ 80,186,453	\$ 109,523,737	\$ 105,879,177	\$ 107,449,950	\$ 114,702,551	\$ 135,355,541	\$ 109,562,551
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 77,634,322</u>	<u>\$ 82,678,642</u>	<u>\$ 85,310,635</u>	<u>\$ 80,186,453</u>	<u>\$ 109,523,737</u>	<u>\$ 105,879,177</u>	<u>\$ 107,449,950</u>	<u>\$ 114,702,551</u>	<u>\$ 135,355,541</u>	<u>\$ 109,562,551</u>
Plan fiduciary net position as a percentage of the total pension liability	37.99%	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%

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

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

See accompanying notes to required supplementary information.

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

Last Ten Fiscal Years*

	2025	2024	2023	2022	June 30, 2021	2020	2019	2018
State's proportion of the OPEB Liability associated with the District	0.18%	0.17%	0.18%	0.18%	0.18%	0.18%	0.19%	0.25%
District's proportionate share of the OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the District	105,180,458	90,825,109	89,028,201	106,238,524	120,769,762	77,127,626	85,463,086	133,724,194
Total proportionate share of the OPEB liability associated with the District	<u>\$ 105,180,458</u>	<u>\$ 90,825,109</u>	<u>\$ 89,028,201</u>	<u>\$ 106,238,524</u>	<u>\$ 120,769,762</u>	<u>\$ 77,127,626</u>	<u>\$ 85,463,086</u>	<u>\$ 133,724,194</u>
Balance, beginning of year	\$ 90,825,109	\$ 89,028,201	\$ 106,238,524	\$ 120,769,762	\$ 77,127,626	\$ 85,463,086	\$ 133,724,194	\$ 142,358,487
Increased by:								
Service cost	3,088,199	3,131,914	4,023,001	4,741,168	2,682,329	2,425,206	5,468,581	6,534,945
Interest cost	3,462,292	3,198,749	2,359,346	2,755,939	2,757,977	3,357,244	4,943,956	4,201,250
Changes of assumptions or other inputs	7,868,897	183,066		104,812	22,060,485	1,149,979		
Differences between expected and actual experiences	2,489,629		2,551,974		18,180,120			
Member contributions	<u>90,540</u>	<u>81,973</u>	<u>74,972</u>	<u>70,456</u>	<u>63,727</u>	<u>70,182</u>	<u>78,982</u>	<u>114,052</u>
	107,824,666	95,623,903	115,247,817	128,442,137	122,872,264	92,465,697	144,215,713	153,208,734
Decreased by:								
Changes of assumptions or other inputs			23,882,614	113,078			9,807,317	16,387,204
Differences between expected and actual experiences		2,305,317		19,919,627		12,970,483	46,660,058	
Gross benefit payments	<u>2,644,208</u>	<u>2,493,477</u>	<u>2,337,002</u>	<u>2,170,908</u>	<u>2,102,502</u>	<u>2,367,588</u>	<u>2,285,252</u>	<u>3,097,336</u>
Balance, end of year	<u>\$ 105,180,458</u>	<u>\$ 90,825,109</u>	<u>\$ 89,028,201</u>	<u>\$ 106,238,524</u>	<u>\$ 120,769,762</u>	<u>\$ 77,127,626</u>	<u>\$ 85,463,086</u>	<u>\$ 133,724,194</u>
Covered by employee payroll	\$ 27,099,580	\$ 25,745,966	\$ 23,349,045	\$ 23,349,045	\$ 23,973,030	\$ 23,672,558	\$ 22,912,022	\$ 22,566,052
Total OPEB liability as a percentage of covered employee payroll.	388.13%	352.77%	381.29%	455.00%	503.77%	325.81%	373.01%	592.59%

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

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

See Note to Required Supplementary Information

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

Notes to Required Supplementary Information

Year Ended June 30, 2025

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

There were none.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

There were none.

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

Benefit Changes

There were none.

Changes of Assumptions

Discount rate changed from 3.65% as of June 30, 2023 to 3.93% as of June 30, 2024.

Required Supplementary Information – Part III

Budgetary Comparison Schedules

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
Required Supplementary Information
(Budgetary Basis)
General Fund
Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 27,178,728		\$ 27,178,728	\$ 27,178,728	
Tuition Charges	542,450		542,450	534,135	\$ (8,315)
Interest Earned	102,000		102,000	673,425	571,425
Miscellaneous	477,822		477,822	586,315	108,493
Total - Local Sources	28,301,000	-	28,301,000	28,972,603	671,603
State Sources:					
Equalization Aid	17,408,915		17,408,915	17,408,915	
Special Education Categorical Aid	2,467,805		2,467,805	2,467,805	
Security Aid	688,330		688,330	688,330	
Other State Aid - Infrastructure Aid				5,000,000	5,000,000
TPAF Social Security (Reimbursed - Non-Budgeted)				1,547,934	1,547,934
TPAF Pension (On-Behalf - Non-Budgeted)				6,994,441	6,994,441
TPAF Long-Term Disability Insurance Contribution				2,043,781	2,043,781
TPAF Post-Retirement Medical Contribution				3,693	3,693
Total State Sources	20,565,050	-	20,565,050	36,154,899	15,589,849
Federal Sources:					
Medicaid Reimbursement	35,663		35,663	17,049	(18,614)
Vocational Rehabilitation Services				24,075	24,075
Total Federal Sources	35,663	-	35,663	41,124	5,461
Total Revenues	48,901,713	-	48,901,713	65,168,626	16,266,913
EXPENDITURES:					
Current Expenditures:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	7,393,988	\$ 60,000	7,453,988	7,436,566	17,422
Purchased Educational Services	20,000		20,000	13,539	6,461
Other Purchased Services	3,907		3,907		3,907
General Supplies	497,150	136,879	634,029	560,429	73,600
Textbooks	111,250	(45,000)	66,250	49,180	17,070
Other Objects	4,000		4,000	1,061	2,939
Regular Programs - Home Instruction					
Salaries of Teachers	20,000		20,000	17,025	2,975
Purchased Educational Services	20,000	(3,000)	17,000	14,784	2,216
Total Regular Programs	8,070,295	148,879	8,219,174	8,092,584	126,590
Bilingual Education - Instruction					
Salaries of Teachers	80,517	3,000	83,517	82,517	1,000
General Supplies	3,820		3,820	598	3,222
Total Bilingual Education - Instruction	84,337	3,000	87,337	83,115	4,222
Regular Vocational Programs - Local - Instruction					
Salaries of Teachers	5,045,709	140,500	5,186,209	5,148,835	37,374
Purchased Professional-Educational Services	25,000		25,000	14,354	10,646
Other Purchased Services	570,135	60,000	630,135	600,874	29,261
General Supplies	793,600	173,473	967,073	893,575	73,498
Textbooks	32,450	58,144	90,594	75,475	15,119
Other Objects	6,000	8,000	14,000	13,725	275
Total Regular Vocational Programs - Local - Instruction	6,472,894	440,117	6,913,011	6,746,838	166,173
Special Vocational Programs - Local - Instruction					
Salaries of Teachers	2,167,098	(350,000)	1,817,098	1,778,468	38,630
Purchased Professional-Educational Services	5,000		5,000		5,000
Other Purchased Services	5,000		5,000		5,000
General Supplies	116,600	(58,000)	58,600	28,200	30,400
Textbooks	30,000	(20,000)	10,000	7,198	2,802
Other Objects	4,000		4,000		4,000
Total Special Vocational Programs - Local - Instruction	2,327,698	(428,000)	1,899,698	1,813,866	85,832

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Co curricular Actvts. - Instruction					
Salaries	\$ 190,055		\$ 190,055	\$ 184,403	\$ 5,652
General Supplies	7,500		7,500	2,014	5,486
Other Objects	24,000	\$ 15,000	39,000	33,577	5,423
Transfers to Cover Deficit (Agency Funds)	2,000		2,000		2,000
Total School-Spon. Co curricular Actvts. - Instruction	223,555	15,000	238,555	219,994	18,561
School-Spon. Athletics - Instruction					
Salaries	413,200	17,595	430,795	418,783	12,012
Purchased Services	59,540	22,500	82,040	72,046	9,994
Supplies and Materials	97,020	17,172	114,192	76,164	38,028
Other Objects	32,600		32,600	28,457	4,143
Total School-Spon. Athletics - Instruction	602,360	57,267	659,627	595,450	64,177
Total Instruction	17,781,139	236,263	18,017,402	17,551,847	465,555
Undistributed Expenditures:					
Undist. Expend. - Health Services					
Salaries	494,882	(53,500)	441,382	409,440	31,942
Purchased Professional Services	70,000		70,000	58,163	11,837
Supplies and Materials	17,500		17,500	12,078	5,422
Other Objects	1,000		1,000	450	550
Total Undistributed Expenditures - Health Services	583,382	(53,500)	529,882	480,131	49,751
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries of Other Professional Staff	93,607		93,607	93,607	
Educational Services	1,000	5,000	6,000	2,420	3,580
Supplies and Materials	2,000		2,000	1,496	504
Total Undist. Expend.-Other Supp. Serv. Students-Related Serv.	96,607	5,000	101,607	97,523	4,084
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,147,367	(103,500)	1,043,867	1,030,707	13,160
Salaries of Secretarial and Clerical Assistants	264,437	(6,000)	258,437	252,782	5,655
Unused Vacation Payment	500		500		500
Other Purchased and Technical Services	2,000		2,000		2,000
Other Purchased Services	2,500		2,500	96	2,404
Supplies and Materials	23,500		23,500	15,582	7,918
Other Objects	5,000		5,000	954	4,046
Total Undist. Expend. - Guidance	1,445,304	(109,500)	1,335,804	1,300,121	35,683
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	743,701	10,000	753,701	751,589	2,112
Salaries of Secretarial and Clerical Assistants	116,954		116,954	113,241	3,713
Unused Vacation Payment	500	6,000	6,500	4,330	2,170
Other Purchased and Technical Services	25,000		25,000	22,629	2,371
Other Purchased Services	6,400		6,400	1,405	4,995
Supplies and Materials	13,700	7,000	20,700	16,358	4,342
Other Objects	2,750		2,750	455	2,295
Total Undist. Expend. - Child Study Teams	909,005	23,000	932,005	910,007	21,998
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	661,396		661,396	661,394	2
Salaries of Secretarial and Clerical Assistants	85,396		85,396	72,126	13,270
Unused Vacation Payment	500		500		500
Purchased Professional - Educational Services	4,875	7,500	12,375	8,212	4,163
Other Purchased Prof. and Tech. Services	2,650		2,650		2,650
Other Purchased Services	6,500		6,500	3,401	3,099
Supplies and Materials	19,000	3,564	22,564	19,044	3,520
Other Objects	1,900		1,900	1,765	135
Total Undist. Expend. - Improvement of Inst. Serv.	782,217	11,064	793,281	765,942	27,339
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	368,458		368,458	368,458	
Supplies and Materials	68,000	(7,500)	60,500	45,859	14,641
Total Undist. Expend. - Edu. Media Serv./Sch. Library	436,458	(7,500)	428,958	414,317	14,641

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	\$ 116,716	\$ 1,500	\$ 118,216	\$ 116,716	\$ 1,500
Salaries of Secretarial and Clerical Assistants	15,070		15,070	12,728	2,342
Purchased Professional - Educational Services	24,375	21,296	45,671	16,732	28,939
Other Purchased Prof. and Tech. Services	650		650		650
Other Purchased Services	21,500	10,000	31,500	22,989	8,511
Supplies and Materials	3,000		3,000		3,000
Other Objects	2,000		2,000		2,000
Total Undist. Expend. - Instructional Staff Training Serv.	183,311	32,796	216,107	169,165	46,942
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	1,011,022	(30,000)	981,022	963,399	17,623
Other Purchased Professional Services	197,400	75,606	273,006	140,039	132,967
Purchased Technical Services	175,000	70,500	245,500	217,747	27,753
Communications/Telephone	272,400	(10,000)	262,400	232,885	29,515
BOE Other Purchased Services	5,500		5,500	3,458	2,042
Other Purchased Services	191,320	20,249	211,569	147,856	63,713
Supplies and Materials	110,000	(21,315)	88,685	68,474	20,211
BOE Meeting Supplies	3,000		3,000		3,000
Miscellaneous Expenditures	67,775	20,000	87,775	85,574	2,201
BOE Membership Dues and Fees	42,500		42,500	38,109	4,391
Total Undist. Expend. - Supp. Serv. - General Admin.	2,075,917	125,040	2,200,957	1,897,541	303,416
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	2,256,629		2,256,629	2,256,627	2
Salaries of Secretarial and Clerical Assistants	684,559	(2,500)	682,059	668,879	13,180
Purchased Professional and Technical Services	500		500		500
Other Purchased Services	20,500	(1,000)	19,500	18,709	791
Supplies and Materials	112,363	11,656	124,019	87,580	36,439
Other Objects	14,000		14,000	3,776	10,224
Total Undist. Expend. - Support Serv. - School Admin.	3,088,551	8,156	3,096,707	3,035,571	61,136
Undist. Expend. - Support Serv.-Central Services					
Salaries	1,118,504	(2,000)	1,116,504	1,114,063	2,441
Purchased Professional Services	500		500		500
Purchased Technical Services	500		500		500
Other Purchased Services	37,400	(3,500)	33,900	17,786	16,114
Supplies and Materials	28,100	6,000	34,100	28,967	5,133
Other Objects	4,000	2,000	6,000	4,940	1,060
Total Undist. Expend. - Support Serv.-Central Services	1,189,004	2,500	1,191,504	1,165,756	25,748
Undist. Expend. - Support Serv. - Admin. Info. Technology					
Salaries	668,552		668,552	654,945	13,607
Purchased Professional Services	1,000		1,000		1,000
Purchased Technical Services	4,500	69,000	73,500	24,804	48,696
Other Purchased Services	12,500	46,474	58,974	42,826	16,148
Supplies and Materials	215,346	60,627	275,973	241,632	34,341
Other Objects	1,000		1,000	892	108
Total Undist. Expend. - Support Serv.- Admin. Info. Technology	902,898	176,101	1,078,999	965,099	113,900
Undist. Expend. - Required Maint. For Sch. Facilities					
Salaries	592,275	(90,000)	502,275	491,003	11,272
Unused Vacation Payment	500		500		500
Cleaning, Repair and Maintenance Services	705,392	770,422	1,475,814	1,269,838	205,976
General Supplies	234,500	33,078	267,578	190,204	77,374
Total Undist. Expend. - Required Maint. For Sch. Facilities	1,532,667	713,500	2,246,167	1,951,045	295,122

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	\$ 2,283,603	\$ (253,000)	\$ 2,030,603	\$ 2,004,494	\$ 26,109
Unused Vacation Payment	500	19,000	19,500	17,471	2,029
Purchased Professional and Technical Services	540,000	206,985	746,985	714,618	32,367
Cleaning, Repair and Maintenance Services	399,423	12,691	412,114	377,908	34,206
Lease Purchase Payment - ESIP	1,130,000	(289,000)	841,000	840,104	896
Other Purchased Property Services	185,900	5,000	190,900	171,788	19,112
Insurance	420,500	(5,000)	415,500	410,580	4,920
Miscellaneous Purchased Services	5,000		5,000	1,597	3,403
General Supplies	212,500	(14,268)	198,232	122,098	76,134
Energy (Natural Gas)	488,830	89,000	577,830	537,294	40,536
Energy (Electricity)	1,258,458	(55,000)	1,203,458	1,170,848	32,610
Other Objects	15,000		15,000	12,647	2,353
Total Undist. Expend. - Other Oper. & Maint. Of Plant	6,939,714	(283,592)	6,656,122	6,381,447	274,675
Care and Upkeep of Grounds					
Salaries	549,200	(45,000)	504,200	489,601	14,599
Unused Vacation Payment	500	15,000	15,500	14,192	1,308
Purchased Professional and Technical Services	500		500		500
Cleaning, Repair and Maintenance Services	205,000	71,234	276,234	228,611	47,623
General Supplies	115,000	44,709	159,709	144,986	14,723
Other Objects	1,000		1,000	135	865
Total Care and Upkeep of Grounds	871,200	85,943	957,143	877,525	79,618
Security					
Purchased Professional and Technical Services	320,000	240,000	560,000	481,034	78,966
Cleaning, Repair and Maintenance Services	72,500		72,500	8,230	64,270
General Supplies	18,000	42,100	60,100	51,461	8,639
Other Objects	1,000		1,000		1,000
Total Security	411,500	282,100	693,600	540,725	152,875
Undist. Expend. - Student Transportation Serv.					
Salaries	35,025	13,500	48,525	44,092	4,433
Cleaning, Repair and Maintenance Services	7,500		7,500	2,045	5,455
Contract Services (Other than Between Home & Sch)-Vendors	266,165	(26,770)	239,395	189,752	49,643
Other Objects	5,000		5,000	3,074	1,926
Total Undist. Expend. - Student Transportation Serv.	313,690	(13,270)	300,420	238,963	61,457
Unallocated Benefits					
Social Security Contributions	585,000	35,000	620,000	609,393	10,607
Other Retirement Contributions - Regular	970,000	(50,000)	920,000	913,882	6,118
Unemployment Compensation	72,440	(60,000)	12,440	1,200	11,240
Workmen's Compensation	309,500		309,500	302,338	7,162
Health Benefits	6,996,840	(145,000)	6,851,840	6,766,228	85,612
Tuition Reimbursement	80,000	(25,000)	55,000	45,990	9,010
Unused Sick Payment	80,000	75,000	155,000	147,600	7,400
Total Unallocated Benefits	9,093,780	(170,000)	8,923,780	8,786,631	137,149
TPAF Social Security (Reimbursed - Non-Budgeted)				1,547,934	(1,547,934)
TPAF Pension (On-Behalf - Non-Budgeted)				6,994,441	(6,994,441)
TPAF Long-Term Disability Insurance Contribution				2,043,781	(2,043,781)
TPAF Post-Retirement Medical Contribution				3,693	(3,693)
Total On-behalf Contributions				10,589,849	(10,589,849)
Total Personal Services-Employee Benefits	9,093,780	(170,000)	8,923,780	19,376,480	(10,452,700)
Total Undistributed Expenditures	30,855,205	827,838	31,683,043	40,567,358	(8,418,760)
Total General Current Expense	48,636,344	1,064,101	49,700,445	58,119,205	(8,418,760)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services					
Assessment for Debt Serv on SDA Funding	98,382		98,382	98,382	
Total Facilities Acquisition and Construction Services	98,382	-	98,382	98,382	-
Total Capital Outlay	98,382	-	98,382	98,382	-

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Schools:					
Post - Secondary Programs - Instruction					
Salaries of Teachers	\$ 689,455	\$ (102,000)	\$ 587,455	\$ 559,128	\$ 28,327
Purchased Prof. and Tech. Services	5,800		5,800		5,800
Other Purchased Services	5,200		5,200	320	4,880
General Supplies	57,000	39,706	96,706	68,216	28,490
Textbooks	4,675		4,675		4,675
Other Objects	3,200		3,200	205	2,995
Total Post - Secondary Programs - Instruction	765,330	(62,294)	703,036	627,869	75,167
Post - Secondary Programs - Support Services					
Salaries	45,228		45,228	45,228	
Unused Vacation Payment	500		500		500
Other Purchased Services	2,000		2,000	150	1,850
Supplies and Materials	4,000		4,000		4,000
Other Objects	2,000		2,000		2,000
Total Post - Secondary Programs - Support Services	53,728	-	53,728	45,378	8,350
Total Post - Secondary Programs	819,058	(62,294)	756,764	673,247	83,517
Vocational Evening-Local-Instruction					
Salaries of Teachers	201,732	15,000	216,732	197,430	19,302
Other Salaries for Instruction	1,000		1,000	484	516
General Supplies	63,400		63,400	22,273	41,127
Textbooks	16,300		16,300		16,300
Total Vocational Evening-Local-Instruction	282,432	15,000	297,432	220,187	77,245
Vocational Evening-Local-Support Serv.					
Salaries	360,997	(15,000)	345,997	326,152	19,845
Unused Vacation Payment	500	32,000	32,500	11,392	21,108
Supplies and Materials	23,750	1,660	25,410	5,738	19,672
Other Objects	28,250		28,250	7,881	20,369
Total Vocational Evening-Local-Support Serv.	413,497	18,660	432,157	351,163	80,994
Total Vocational Evening-Local	695,929	33,660	729,589	571,350	158,239
Total Special Schools	1,514,987	(28,634)	1,486,353	1,244,597	241,756
Total Expenditures	50,249,713	1,035,467	51,285,180	59,462,184	(8,177,004)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(1,348,000)	(1,035,467)	(2,383,467)	5,706,442	8,089,909
Other Financing Sources (Uses):					
Transfer to Capital Projects Fund		(15,000,000)	(15,000,000)	(15,000,000)	
Transfer from Capital Projects Fund				244,919	244,919
Interest Deposit to Capital Reserve	(2,000)		(2,000)		2,000
Total Other Financing Sources (Uses)	(2,000)	(15,000,000)	(15,002,000)	(14,755,081)	246,919
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)	(1,350,000)	(16,035,467)	(17,385,467)	(9,048,639)	8,336,828
Fund Balance, July 1	19,812,314		19,812,314	19,812,314	
Fund Balance, June 30	\$ 18,462,314	\$ (16,035,467)	\$ 2,426,847	\$ 10,763,675	\$ 8,336,828
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (1,350,000)		\$ (1,350,000)	\$ 6,986,828	\$ 8,336,828
Increase in capital reserve		\$ (15,000,000)	(15,000,000)	(15,000,000)	
Adjustment for prior year encumbrances		(1,035,467)	(1,035,467)	(1,035,467)	
Total	\$ (1,350,000)	\$ (16,035,467)	\$ (17,385,467)	\$ (9,048,639)	\$ 8,336,828
Recapitulation of fund balance:					
Restricted Fund Balance:					
Capital reserve account - restricted				\$ 4,888,191	
Excess Surplus - Designated for Subsequent Year's Expenditures				876,742	
Excess Surplus - Current Year				27,083	
Assigned Fund Balance:					
Year-end encumbrances - assigned				666,061	
Designated for subsequent year's expenditures - assigned				473,258	
Unassigned Fund Balance				3,832,340	
				<u>10,763,675</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				(2,045,457)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 8,718,218</u>	

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
Required Supplementary Information
(Budgetary Basis)
Special Revenue Fund
Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources	\$ 1,105,162	\$ (207,391)	\$ 897,771	\$ 989,189	\$ 91,418
State Sources	802,098	(482,863)	319,235	325,188	
Federal Sources	2,578,659	(246,032)	2,332,627	2,326,674	
Total Revenues	<u>4,485,919</u>	<u>(936,286)</u>	<u>3,549,633</u>	<u>3,641,051</u>	<u>91,418</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	934,358	(178,845)	755,513	755,513	
Purchased Professional and Technical Services	232,222	(40,790)	191,432	191,432	
Other Purchased Services	128,272	(11,387)	116,885	116,885	
General Supplies	285,300	(44,205)	241,095	241,095	
Other Objects	8,000		8,000	8,000	
Total Instruction	<u>1,588,152</u>	<u>(275,227)</u>	<u>1,312,925</u>	<u>1,312,925</u>	<u>-</u>
Support Services					
Salaries of Other Professional Staff	494,005	(137,282)	356,723	356,723	
Personal Services - Employee Benefits	481,637	(82,623)	399,014	399,014	
Other Purchased Professional Services	389,647	(291,052)	98,595	98,595	
Travel	20,399	(9,571)	10,828	10,828	
Other Purchased Services	82,052	(34,960)	47,092	47,092	
Supplies & Materials	34,821	(19,240)	15,581	15,581	
Other Objects	5,000	(5,000)			
Student Activities	500,000		500,000	551,256	(51,256)
Scholarship Miscellaneous expense	210		210	711	(501)
Total Support Services	<u>2,007,771</u>	<u>(579,728)</u>	<u>1,428,043</u>	<u>1,479,800</u>	<u>(51,757)</u>
Facilities Acquisition and Construction Services					
Instructional Equipment	889,996	(81,331)	808,665	808,665	
Total Facilities Acquisition and Construction Services	<u>889,996</u>	<u>(81,331)</u>	<u>808,665</u>	<u>808,665</u>	<u>-</u>
Total Expenditures	<u>4,485,919</u>	<u>(936,286)</u>	<u>3,549,633</u>	<u>3,601,390</u>	<u>(51,757)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,661</u>	<u>\$ 39,661</u>
Fund Balance, July 1				188,050	
Fund Balance, June 30				<u>\$ 227,711</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 213,239	
Scholarships				<u>14,472</u>	
Total Fund Balance				<u>\$ 227,711</u>	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
Budget to GAAP Reconciliation
Year Ended June 30, 2025**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 65,168,626	[C-2] \$ 3,641,051
Difference - budgetary to GAAP:		
State aid payments recognized for budgetary purposes, not recognized for GAAP statements		
Prior year	1,926,153	
Current year	(2,045,457)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 65,049,322</u>	[B-2] <u>\$ 3,641,051</u>

Supplementary Information

Special Revenue Fund

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2025

	Every Student Succeeds Act (E.S.S.A.)										
	Total Brought Forward (Ex. E-1a)	Title I Part A Regular Program	Title II Part A Regular Program	Title II Part A C/O Program	Title IV Regular Program	I.D.E.A Part B Regular Program	Agriculture Grant	WSCC Health	Carl Perkins Entitlement Secondary Program Federal	Carl Perkins Entitlement Secondary Program Reserve	Totals
REVENUES:											
Local Sources	\$ 989,189										\$ 989,189
State Sources	319,235										325,188
Federal Sources	62,236	\$ 466,110	\$ 73,445	\$ 7,768	\$ 34,330	\$ 639,931	\$ 184,321	\$ 5,953	\$ 775,699	\$ 82,834	2,326,674
Total Revenues	<u>1,370,660</u>	<u>466,110</u>	<u>73,445</u>	<u>7,768</u>	<u>34,330</u>	<u>639,931</u>	<u>184,321</u>	<u>5,953</u>	<u>775,699</u>	<u>82,834</u>	<u>3,641,051</u>
EXPENDITURES:											
Instruction											
Salaries of Teachers	245,041	289,865				155,534			65,073		755,513
Purchased Professional and Technical Services	58,411	26,475							23,712	82,834	191,432
Other Purchased Services	116,885										116,885
General Supplies	66,456	3,530			34,330		14,933		121,846		241,095
Other Objects	8,000										8,000
Total Instruction	<u>494,793</u>	<u>319,870</u>			<u>34,330</u>	<u>155,534</u>	<u>14,933</u>		<u>210,631</u>	<u>82,834</u>	<u>1,312,925</u>
Support Services											
Salaries of Other Professional Staff	95,668	8,610		7,216		233,037		3,500	8,692		356,723
Personal Services - Employee Benefits	3,829	137,630		552		251,360			5,643		399,014
Other Purchased Professional & Technical Services	26,795		61,700						10,100		98,595
Travel	3,374								7,454		10,828
Other Purchased Services	29,718		11,184					2,453	3,737		47,092
Supplies & Materials	10,780		561						4,240		15,581
Student Activities	551,256										551,256
Scholarship Miscellaneous expense	711										711
Total Support Services	<u>722,131</u>	<u>146,240</u>	<u>73,445</u>	<u>7,768</u>		<u>484,397</u>		<u>5,953</u>	<u>39,866</u>		<u>1,479,800</u>
Facilities Acquisition and Construction Services											
Instructional Equipment	114,075						169,388		525,202		808,665
Total Facilities Acquisition and Construction Services	<u>114,075</u>						<u>169,388</u>		<u>525,202</u>		<u>808,665</u>
Total Expenditures	<u>1,330,999</u>	<u>466,110</u>	<u>73,445</u>	<u>7,768</u>	<u>34,330</u>	<u>639,931</u>	<u>184,321</u>	<u>5,953</u>	<u>775,699</u>	<u>82,834</u>	<u>3,601,390</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>39,661</u>	-	-	-	-	-	-	-	-	-	<u>39,661</u>
Fund Balance, July 1	<u>188,050</u>	-	-	-	-	-	-	-	-	-	<u>188,050</u>
Fund Balance, June 30	<u>\$ 227,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,711</u>

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2025

	Total Brought Forward (Ex. E-1b)	Carl Perkins Entitlement Postsecondary Program State	Pre-Apprentice Port Authority Grant	Dual Enrollment	Dual Enrollment	Bristol Myers Squib	Pre-Apprentice in Career Education	ARP ESSER	ARP ESSER Accelerated Learning	ARP ESSER Summer Learning	Total Carried Forward
REVENUES:											
Local Sources	\$ 951,273		\$ 37,440			\$ 476					\$ 989,189
State Sources		\$ 137,123		\$ 148,110	\$ 7,929		\$ 26,073				319,235
Federal Sources								\$ 4,319	\$ 55,931	\$ 1,986	62,236
Total Revenues	<u>951,273</u>	<u>137,123</u>	<u>37,440</u>	<u>148,110</u>	<u>7,929</u>	<u>476</u>	<u>26,073</u>	<u>4,319</u>	<u>55,931</u>	<u>1,986</u>	<u>1,370,660</u>
EXPENDITURES:											
Instruction											
Salaries of Teachers	194,099						14,821		34,276	1,845	245,041
Purchased Professional and Technical Services		18,842	4,347	34,746		476					58,411
Other Purchased Services	7,270			99,900			9,715				116,885
General Supplies	4,605	57,069	519		2,726		1,537				66,456
Other Objects	8,000										8,000
Total Instruction	<u>213,974</u>	<u>75,911</u>	<u>4,866</u>	<u>134,646</u>	<u>2,726</u>	<u>476</u>	<u>26,073</u>		<u>34,276</u>	<u>1,845</u>	<u>494,793</u>
Support Services											
Salaries of Other Professional Staff	81,733					4,833			9,102		95,668
Personal Services - Employee Benefits						370			3,318		3,829
Other Purchased Professional & Technical Services	5,000	6,382	2,920	6,993					5,500	141	26,795
Travel				3,374							3,374
Other Purchased Services	22,473	413		3,097					3,735		29,718
Supplies & Materials	6,461							4,319			10,780
Student Activities	551,256										551,256
Scholarship Miscellaneous expense	711										711
Total Support Services	<u>667,634</u>	<u>6,795</u>	<u>2,920</u>	<u>13,464</u>	<u>5,203</u>			<u>4,319</u>	<u>21,655</u>	<u>141</u>	<u>722,131</u>
Facilities Acquisition and Construction Services											
Instructional Equipment	30,004	54,417	29,654								114,075
Facilities Acquisition and Construction Services	<u>30,004</u>	<u>54,417</u>	<u>29,654</u>								<u>114,075</u>
Total Expenditures	<u>911,612</u>	<u>137,123</u>	<u>37,440</u>	<u>148,110</u>	<u>7,929</u>	<u>476</u>	<u>26,073</u>	<u>4,319</u>	<u>55,931</u>	<u>1,986</u>	<u>1,330,999</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>39,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,661</u>
Fund Balance, July 1	<u>188,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,050</u>
Fund Balance, June 30	<u>\$ 227,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,711</u>

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2025

	PSA Contest	Rockhind Wagner Foundation	Rockhind Wagner Foundation	NJSBAIG Safety Grant	Donation East Brunswick	Arts Integration	Walmart Grant	Student Internship	Student Internship	Alcohol Adolescents Program	Alcohol Adolescents Program	North Jersey Stem Grant	Student Activity Fund	Scholarship Fund	Total Carried Forward
REVENUES:															
Local Sources	\$ 750	\$ 4,800	\$ 3,200	\$ 10,048	\$ 2,000	\$ 9,125	\$ 30,004	\$ 132,812	\$ 81,862	\$ 67,657	\$ 16,887	\$ 500	\$ 591,587	\$ 41	\$ 951,273
Total Revenues	<u>750</u>	<u>4,800</u>	<u>3,200</u>	<u>10,048</u>	<u>2,000</u>	<u>9,125</u>	<u>30,004</u>	<u>132,812</u>	<u>81,862</u>	<u>67,657</u>	<u>16,887</u>	<u>500</u>	<u>591,587</u>	<u>41</u>	<u>951,273</u>
EXPENDITURES															
Instruction															
Salaries of Teachers								121,229	72,370			500			194,099
Other Purchased Services					2,000	7,270									7,270
General Supplies	750					1,855									4,605
Other Objects		4,800	3,200												8,000
Total Instruction	<u>750</u>	<u>4,800</u>	<u>3,200</u>		<u>2,000</u>	<u>9,125</u>		<u>121,229</u>	<u>72,370</u>			<u>500</u>			<u>213,974</u>
Support Services															
Salaries of Other Professional Staff								11,583	9,492	60,658					81,733
Other Purchased Professional & Technical Services										5,000					5,000
Other Purchased Services				10,048						1,999	10,426				22,473
Supplies & Materials											6,461				6,461
Student Activities													551,256		551,256
Scholarship Miscellaneous expense														711	711
Total Support Services				<u>10,048</u>				<u>11,583</u>	<u>9,492</u>	<u>67,657</u>	<u>16,887</u>		<u>551,256</u>	<u>711</u>	<u>667,634</u>
Facilities Acquisition and Construction Services															
Instructional Equipment							30,004								30,004
Facilities Acquisition and Construction Services							<u>30,004</u>								<u>30,004</u>
Total Expenditures	<u>750</u>	<u>4,800</u>	<u>3,200</u>	<u>10,048</u>	<u>2,000</u>	<u>9,125</u>	<u>30,004</u>	<u>132,812</u>	<u>81,862</u>	<u>67,657</u>	<u>16,887</u>	<u>500</u>	<u>551,256</u>	<u>711</u>	<u>911,612</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	40,331	(670)	39,661
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	-	172,908	15,142	188,050
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,239</u>	<u>\$ 14,472</u>	<u>\$ 227,711</u>

Capital Projects Fund

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Summary Schedule of Project Expenditures - Budgetary Basis
Year Ended June 30, 2025

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2025
			Prior Years	Current Year	
Insurance Reimbursements - Superstorm Sandy	7/1/2012	\$ 50,183			\$ 50,183
Capital Outlay - County	7/1/2014	1,752,649	\$ 1,742,381		10,268
Energy Savings Improvement Plan	7/1/2014	11,300,000	11,243,076		56,924
Capital Reserve Transfer	7/1/2017	450,000	403,291	\$ 41,543	5,166
Energy Savings Improvement Plan	7/1/2019	4,878,200	4,633,281	244,919	
Capital Outlay -County	7/1/2020	3,500,000	3,489,007		10,993
Capital Outlay -County	7/1/2021	3,500,000	3,308,735	10,435	180,830
Capital Reserve Transfer	7/1/2021	1,000,000	1,000,000		
Security Grant	7/1/2021	140,802	140,802		
Capital Outlay -County	7/1/2022	3,500,000	3,293,295	206,705	
Capital Reserve Transfer	7/1/2022	500,000	500,000		
Capital Outlay-County	7/1/2023	8,200,000	5,899,209	1,999,730	301,061
New School Building	7/1/2023	62,000,000	1,473,491	13,070,618	47,455,891
Capital Outlay-County	7/1/2024	6,500,000		2,303,073	4,196,927
Interest Income	6/30/2025	38,757			38,757
		<u>\$ 107,310,591</u>	<u>\$ 37,126,568</u>	<u>\$ 17,877,023</u>	<u>\$ 52,307,000</u>

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

**Summary Schedule of Revenues, Expenditures and Changes in Fund Balance-Budgetary Basis
Year Ended June 30, 2025**

Revenue

County Capital Contribution	\$ 6,500,000
Total Revenue	<u>6,500,000</u>

Expenditures

Purchased Professional and Technical Services	1,491,896
Construction Services	15,509,729
Other Purchased Services	100,289
Other Objects	65,746
Equipment Purchases	465,509
Total Expenditures	<u>17,633,169</u>

(Deficiency) of revenues (under) expenditures (11,133,169)

Other Financing Sources (Uses)

Transfer to General Fund	(244,919)
Total Other Financing Sources (Uses)	<u>(244,919)</u>

Net change in fund balance (11,378,088)

Fund Balance - Beginning - July 1	63,685,088
Fund Balance - Ending - June 30	<u>\$ 52,307,000</u>

Detail of Budgetary Basis Fund Balance:

Restricted	\$ 16,688,142
Encumbered	35,618,858
Fund Balance - June 30, 2025 Budgetary Basis	<u>\$ 52,307,000</u>

Reconciliation of Fund Balance:

Fund Balance, Budgetary Basis	\$ 52,307,000
GAAP Basis Revenues not Recognized	(35,515,195)
Fund Balance - June 30, 2025 GAAP Basis	<u>\$ 16,791,805</u>

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2025

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

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

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Energy Savings Improvement Program
Year Ended June 30, 2025**

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

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2025

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2017/2018	\$ 3,000,000		\$ 3,000,000
Transfer from Capital Reserve	450,000		450,000
Total Revenue and Other Financing Sources	3,450,000		3,450,000
Expenditures			
Purchased Professional and Technical Services	368,258		368,258
Construction Services	2,842,193	\$ 41,543	2,883,736
Other Objects	17,165		17,165
Equipment Purchases	175,675		175,675
Total Expenditures	3,403,291	41,543	3,444,834
Excess (deficiency) of revenues			
Over (under) expenditures	\$ 46,709	\$ (41,543)	\$ 5,166
Additional Project Information:			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Eligible Cost	\$ 3,450,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 3,450,000		
Percentage Increase over Original			
Authorized Cost	0.00%		
Percentage Completion	100%		
Original Target Completion Date	Jun-18		
Revised Target Completion Date	Jun-26		

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Energy Savings Improvement Program
Year Ended June 30, 2025

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
Lease Purchases	\$ 4,878,200		\$ 4,878,200
Total Revenue and Other Financing Sources	4,878,200		4,878,200
Expenditures			
Purchased Professional and Technical Services	1,573,158		1,573,158
Construction Services	3,060,123		3,060,123
Total Expenditures	4,633,281		4,633,281
Excess (deficiency) of revenues Over (under) expenditures	244,919	-	244,919
Other Financing Sources (Uses):			
Transfer to General Fund	-	\$ (244,919)	(244,919)
Total Other Financing Sources (Uses)	-	(244,919)	(244,919)
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)	\$ 244,919	\$ (244,919)	\$ -
Additional Project Information:			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Eligible Cost	\$ 4,878,200		
Additional Eligible Cost			
Revised Eligible Cost	\$ 4,878,200		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completion	95%		
Original Target Completion Date	Jun-20		
Revised Target Completion Date	Complete		

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2025

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2020/2021	\$ 3,500,000		\$ 3,500,000
Total Revenue and Other Financing Sources	3,500,000		3,500,000
Expenditures			
Purchased Professional and Technical Services	653,847		653,847
Construction Services	2,548,617		2,548,617
Other Objects	10,486		10,486
Equipment Purchases	276,057		276,057
Total Expenditures	3,489,007		3,489,007
Excess (deficiency) of revenues			
Over (under) expenditures	\$ 10,993	\$ -	\$ 10,993
Additional Project Information:			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Eligible Cost	\$ 3,500,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 3,500,000		
Percentage Increase over Original			
Authorized Cost	0.00%		
Percentage Completion	99%		
Original Target Completion Date	Jun-21		
Revised Target Completion Date	Jun-26		

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2025

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2021/2022	\$ 3,500,000		\$ 3,500,000
Transfer from Capital Reserve	1,000,000		1,000,000
Security Grant	140,802		140,802
Total Revenue and Other Financing Sources	4,640,802		4,640,802
Expenditures			
Purchased Professional and Technical Services	600,235	\$ 4,377	604,612
Construction Services	3,623,314		3,623,314
Other Objects	22,300		22,300
Equipment Purchases	203,688	6,058	209,746
Total Expenditures	4,449,537	10,435	4,459,972
Excess (deficiency) of revenues			
Over (under) expenditures	\$ 191,265	\$ (10,435)	\$ 180,830
Additional Project Information:			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Eligible Cost	\$ 3,594,506		
Additional Eligible Cost	1,046,296		
Revised Eligible Cost	\$ 4,640,802		
Percentage Increase over Original			
Authorized Cost	29.11%		
Percentage Completion	96%		
Original Target Completion Date	Jun-22		
Revised Target Completion Date	Jun-26		

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2025

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2022/2023	\$ 3,500,000		\$ 3,500,000
Transfer from Capital Reserve	500,000		500,000
Total Revenue and Other Financing Sources	<u>4,000,000</u>		<u>4,000,000</u>
Expenditures			
Purchased Professional and Technical Services	260,950	\$ 364	261,314
Construction Services	3,303,621	192,214	3,495,835
Other Objects	14,001		14,001
Equipment Purchases	214,723	14,127	228,850
Total Expenditures	<u>3,793,295</u>	<u>206,705</u>	<u>4,000,000</u>
Excess (deficiency) of revenues			
Over (under) expenditures	<u>\$ 206,705</u>	<u>\$ (206,705)</u>	<u>\$ -</u>
Additional Project Information:			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Eligible Cost	\$ 4,000,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 4,000,000		
Percentage Increase over Original			
Authorized Cost	0.00%		
Percentage Completion	100%		
Original Target Completion Date	Jun-23		
Revised Target Completion Date	complete		

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2025

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2023/2024	\$ 8,200,000		\$ 8,200,000
Total Revenue and Other Financing Sources	8,200,000		8,200,000
Expenditures			
Purchased Professional and Technical Services	505,057	\$ 58,206	563,263
Construction Services	4,994,105	1,902,313	6,896,418
Other Objects	983		983
Equipment Purchases	399,064	39,211	438,275
Total Expenditures	5,899,209	1,999,730	7,898,939
Excess (deficiency) of revenues			
Over (under) expenditures	\$ 2,300,791	\$ (1,999,730)	\$ 301,061
Additional Project Information:			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Eligible Cost	\$ 8,200,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 8,200,000		
Percentage Increase over Original			
Authorized Cost	0.00%		
Percentage Completion	96%		
Original Target Completion Date	Jun-24		
Revised Target Completion Date	Not determinable		

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2025

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
New Jersey State Annual Appropriations (from Capital Reserve)	\$ 15,000,000		\$ 15,000,000
New Jersey Securing Our Children's Future Bond Act	23,137,500		23,137,500
County Bond Ordinance -New School Building	23,862,500		23,862,500
Total Revenue and Other Financing Sources	62,000,000		62,000,000
Expenditures			
Purchased Professional and Technical Services	1,393,992	\$ 979,062	2,373,054
Construction Services		11,930,350	11,930,350
Other purchased services		100,289	100,289
Other Objects	79,499	60,917	140,416
Total Expenditures	1,473,491	13,070,618	14,544,109
Excess (deficiency) of revenues			
Over (under) expenditures	\$ 60,526,509	\$ (13,070,618)	\$ 47,455,891
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 62,000,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 62,000,000		
Percentage Increase over Original			
Authorized Cost		0.00%	
Percentage Completion		23%	
Original Target Completion Date		Sep-26	
Revised Target Completion Date		Not determinable	

Note: The District received a grant from the State of New Jersey, under the Securing Our Children's Future Bond Act program, in the amount of \$23,137,500. This amount, as received, will be due back to Middlesex County to reimburse the County for eligible expenditures incurred and paid through the County Bond Ordinance.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2025

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2024/2025		\$ 6,500,000	\$ 6,500,000
Total Revenue and Other Financing Sources	-	6,500,000	6,500,000
Expenditures			
Purchased Professional and Technical Services		449,887	449,887
Construction Services		1,443,309	1,443,309
Other Objects		3,764	3,764
Equipment Purchases		406,113	406,113
Total Expenditures	-	2,303,073	2,303,073
Excess (deficiency) of revenues			
Over (under) expenditures	\$ -	\$ 4,196,927	\$ 4,196,927
Additional Project Information:			
Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Eligible Cost	\$ 6,500,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 6,500,000		
Percentage Increase over Original			
Authorized Cost	0.00%		
Percentage Completion	35%		
Original Target Completion Date	Jun-26		
Revised Target Completion Date	Not determinable		

Long-Term Debt

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Schedule of Financed Purchases Payable
Year Ended June 30, 2025

I-2

Purpose	Interest Rate	Amount of Original Issue	Balance July 1, 2024	Paid	Balance June 30, 2025
Energy Conservation	2.5185%	\$ 11,300,000	\$ 7,700,245	\$ 522,239	\$ 7,178,006
Energy Conservation	1.4140%	4,878,200	3,710,133	319,629	3,390,504
			<u>\$ 11,410,378</u>	<u>\$ 841,868</u>	<u>\$ 10,568,510</u>

Statistical Section

Statistical Section
Unaudited

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	June 30,									
	2016	2017	2018	2019	2020 (Restated)	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 68,853,997	\$ 69,374,863	\$ 70,995,591	\$ 72,180,605	\$ 68,678,300	\$ 73,720,391	\$ 76,129,560	\$ 79,784,033	\$ 87,455,395	\$ 102,023,634
Restricted	3,961,033	3,952,931	3,260,916	3,201,136	8,037,190	6,770,194	9,194,708	12,974,293	18,963,934	22,811,532
Unrestricted (deficit)	(13,124,793)	(14,307,778)	(14,577,721)	(14,541,454)	(14,150,451)	(14,206,660)	(12,883,894)	(10,780,222)	(9,576,372)	(11,457,471)
Total governmental activities net position	<u>\$ 59,690,237</u>	<u>\$ 59,020,016</u>	<u>\$ 59,678,786</u>	<u>\$ 60,840,287</u>	<u>\$ 62,565,039</u>	<u>\$ 66,283,925</u>	<u>\$ 72,440,374</u>	<u>\$ 81,978,104</u>	<u>\$ 96,842,957</u>	<u>\$ 113,377,695</u>
Business-type activities										
Net investment in capital assets	\$ 22,065	\$ 24,563	\$ 60,485	\$ 132,952	\$ 135,374	\$ 136,639	\$ 122,011	\$ 127,487	\$ 377,564	\$ 346,056
Unrestricted	146,033	211,984	266,586	248,069	88,890	229,900	430,122	544,526	396,680	457,944
Total business-type activities net position	<u>\$ 168,098</u>	<u>\$ 236,547</u>	<u>\$ 327,071</u>	<u>\$ 381,021</u>	<u>\$ 224,264</u>	<u>\$ 366,539</u>	<u>\$ 552,133</u>	<u>\$ 672,013</u>	<u>\$ 774,244</u>	<u>\$ 804,000</u>
District-wide										
Net investment in capital assets	\$ 68,876,062	\$ 69,399,426	\$ 71,056,076	\$ 72,313,557	\$ 68,813,674	\$ 73,857,030	\$ 76,251,571	\$ 79,911,520	\$ 87,832,959	\$ 102,369,690
Restricted	3,961,033	3,952,931	3,260,916	3,201,136	8,037,190	6,770,194	9,194,708	12,974,293	18,963,934	22,811,532
Unrestricted (deficit)	(12,978,760)	(14,095,794)	(14,311,135)	(14,293,385)	(14,061,561)	(13,976,760)	(12,453,772)	(10,235,696)	(9,179,692)	(10,999,527)
Total district net position	<u>\$ 59,858,335</u>	<u>\$ 59,256,563</u>	<u>\$ 60,005,857</u>	<u>\$ 61,221,308</u>	<u>\$ 62,789,303</u>	<u>\$ 66,650,464</u>	<u>\$ 72,992,507</u>	<u>\$ 82,650,117</u>	<u>\$ 97,617,201</u>	<u>\$ 114,181,695</u>

Source: ACFR Schedule A-1 and District records.

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 10,984,765	\$ 10,384,427	\$ 10,051,929	\$ 9,960,724	\$ 10,632,497	\$ 9,685,807	\$ 10,718,554	\$ 12,222,730	\$ 11,635,410	\$ 10,307,538
Other special instruction	105,491	99,834	94,736	93,468	207,569	160,740	182,506	234,427	216,129	205,640
Vocational	11,598,623	12,009,574	11,360,296	11,394,968	13,114,420	12,144,420	13,348,904	15,690,140	14,404,618	13,082,690
Other instruction	979,012	929,914	841,665	863,633	906,489	897,586	1,060,995	1,174,394	1,042,272	974,667
Support Services:										
Support services - students & instruction	6,424,002	6,450,727	6,323,882	6,331,121	7,085,263	6,262,241	7,063,782	8,218,438	7,388,852	6,636,688
School administrative services	3,950,181	3,762,766	3,709,622	3,828,990	4,750,193	4,536,531	4,953,371	5,863,013	5,352,252	4,507,749
General administrative services	2,163,486	2,168,672	1,927,386	2,001,645	1,916,559	1,508,302	1,577,011	1,947,997	1,867,246	1,655,094
Plant operations and maintenance	9,981,714	9,309,112	8,724,576	8,094,966	8,909,083	8,865,310	9,135,194	10,112,693	9,488,523	9,006,236
Pupil transportation	250,920	249,634	246,214	163,211	92,371	168,874	213,877	184,127	173,030	182,001
Other Support Services	2,610,562	2,437,960	2,204,982	2,397,929	2,668,759	2,409,305	2,366,024	3,087,012	2,713,222	2,486,937
Special Schools	1,550,463	1,481,407	1,413,329	1,504,905	1,920,253	1,695,880	2,194,245	2,633,621	2,423,852	2,254,297
Interest Expense	236,132	253,452	269,845	285,544	300,100	251,485	277,874	287,798	287,798	286,471
Unallocated depreciation	3,907,746	3,685,468	3,490,075	3,332,315	3,338,114	3,315,457	3,175,828	2,949,643	2,557,841	2,215,122
Total governmental activities expenses	<u>54,743,097</u>	<u>53,222,947</u>	<u>50,658,537</u>	<u>50,253,419</u>	<u>55,837,707</u>	<u>51,901,938</u>	<u>56,243,909</u>	<u>64,596,109</u>	<u>59,551,045</u>	<u>53,801,130</u>
Business-type activities:										
Food service	1,096,356	985,911	905,132	912,422	569,582	690,075	704,751	635,954	679,432	651,573
Total business-type activities expense	<u>1,096,356</u>	<u>985,911</u>	<u>905,132</u>	<u>912,422</u>	<u>569,582</u>	<u>690,075</u>	<u>704,751</u>	<u>635,954</u>	<u>679,432</u>	<u>651,573</u>
Total district expenses	<u>\$ 55,839,453</u>	<u>\$ 54,208,858</u>	<u>\$ 51,563,669</u>	<u>\$ 51,165,841</u>	<u>\$ 56,407,289</u>	<u>\$ 52,592,013</u>	<u>\$ 56,948,660</u>	<u>\$ 65,232,063</u>	<u>\$ 60,230,477</u>	<u>\$ 54,452,703</u>
Operating grants and contributions	\$ 2,790,817	\$ 3,182,863	\$ 3,420,424	\$ 3,386,587	\$ 3,099,752	\$ 2,274,452	\$ 2,225,346	\$ 1,975,195	\$ 2,159,969	\$ 2,084,888
Capital grants and contributions	10,011,314	-	46,296	94,506	-	-	-	252,827	186,154	729,817
Total governmental activities program revenues	<u>12,802,131</u>	<u>3,182,863</u>	<u>3,466,720</u>	<u>3,481,093</u>	<u>3,099,752</u>	<u>2,274,452</u>	<u>2,225,346</u>	<u>2,228,022</u>	<u>2,346,123</u>	<u>2,814,705</u>
Business-type activities:										
Food service	380,947	367,586	298,391	46,738	3,786	170,568	272,516	248,098	260,886	251,358
Operating grants and contributions	745,122	720,477	726,590	1,051,278	708,071	362,750	486,185	478,380	486,995	451,785
Total business-type activities program revenues	<u>1,126,069</u>	<u>1,088,063</u>	<u>1,024,981</u>	<u>1,098,016</u>	<u>711,857</u>	<u>533,318</u>	<u>758,701</u>	<u>726,478</u>	<u>747,881</u>	<u>703,143</u>
Total district program revenues	<u>\$ 13,928,200</u>	<u>\$ 4,270,926</u>	<u>\$ 4,491,701</u>	<u>\$ 4,579,109</u>	<u>\$ 3,811,609</u>	<u>\$ 2,807,770</u>	<u>\$ 2,984,047</u>	<u>\$ 2,954,500</u>	<u>\$ 3,094,004</u>	<u>\$ 3,517,848</u>
Net (Expense)/Revenue										
Governmental activities	\$ (41,940,966)	\$ (50,040,084)	\$ (47,191,817)	\$ (46,772,326)	\$ (52,737,955)	\$ (49,627,486)	\$ (54,018,563)	\$ (62,368,087)	\$ (57,204,922)	\$ (50,986,425)
Business-type activities	29,713	102,152	119,849	185,594	142,275	(156,757)	53,950.00	90,524.00	68,449	51,570
Total district-wide net expense	<u>\$ (41,911,253)</u>	<u>\$ (49,937,932)</u>	<u>\$ (47,071,968)</u>	<u>\$ (46,586,732)</u>	<u>\$ (52,595,680)</u>	<u>\$ (49,784,243)</u>	<u>\$ (53,964,613)</u>	<u>\$ (62,277,563)</u>	<u>\$ (57,136,473)</u>	<u>\$ (50,934,855)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 27,178,728	\$ 26,837,956	\$ 26,837,956	\$ 26,837,958	\$ 26,837,956	\$ 26,837,956	\$ 26,837,956	\$ 25,964,306	\$ 25,443,790	\$ 24,990,260
Unrestricted grants and contributions	24,970,410	25,974,121	24,491,792	20,851,194	24,704,277	19,592,734	23,991,400	32,403,759	26,510,054	23,466,398
County capital contribution	6,500,000	9,673,491	3,500,000	3,500,000	3,500,000	3,100,000	3,100,000	3,000,000	3,000,000	3,100,000
E-Rate	-	-	-	-	-	8,690	-	-	177,257	-
Tuition received	534,135	555,819	547,982	446,625	537,375	559,618	507,425	681,891	689,538	714,812
Investment earnings	673,425	400,571	1,510	234	1,416	2,893	16,271	11,030	2,879	461
Miscellaneous income	1,575,504	1,462,979	1,350,307	1,292,764	875,817	1,080,355	727,012	965,871	711,183	709,554
Total governmental activities	<u>61,432,202</u>	<u>64,904,937</u>	<u>56,729,547</u>	<u>52,928,775</u>	<u>56,456,841</u>	<u>51,182,246</u>	<u>55,180,064</u>	<u>63,026,857</u>	<u>56,534,701</u>	<u>52,981,485</u>
Business-type activities:										
Miscellaneous income	43	79	31	-	-	-	-	-	-	-
Total business-type activities	<u>43</u>	<u>79</u>	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 61,432,245</u>	<u>\$ 64,904,937</u>	<u>\$ 56,729,578</u>	<u>\$ 52,928,775</u>	<u>\$ 56,456,841</u>	<u>\$ 51,182,246</u>	<u>\$ 55,180,064</u>	<u>\$ 63,026,857</u>	<u>\$ 56,534,701</u>	<u>\$ 52,981,485</u>
Change in Net Position										
Governmental activities	\$ 19,491,236	\$ 14,864,853	\$ 9,537,730	\$ 6,156,449	\$ 3,718,886	\$ 1,554,760	\$ 1,161,501	\$ 658,770	\$ (670,221)	\$ 1,995,060
Business-type activities	29,756	102,152	119,880	185,594	142,275	(156,757)	53,950	90,524	68,449	51,570
Total district	<u>\$ 19,520,992</u>	<u>\$ 14,967,005</u>	<u>\$ 9,657,610</u>	<u>\$ 6,342,043</u>	<u>\$ 3,861,161</u>	<u>\$ 1,398,003</u>	<u>\$ 1,215,451</u>	<u>\$ 749,294</u>	<u>\$ (601,772)</u>	<u>\$ 2,046,630</u>

Source: ACFR Schedule A-2 and District records.

GASB 84 was implemented in the 2021 fiscal year, which required the recognition of student activity reported as charges for services. The amount is not reflected in the June 30th prior revenue balances above.

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

	June 30,									
	2016	2017	2018	2019	2020 (Restated)	2021	2022	2023	2024	2025
General Fund										
Restricted for	\$ 781,719	\$ 830,595	\$ 695,113	\$ 1,660,672	\$ 2,017,224	\$ 4,242,818	\$ 5,497,647	\$ 10,197,520	\$ 15,617,305	\$ 5,792,016
Assigned to	1,773,950	1,639,387	1,842,199	1,993,049	2,268,600	1,717,932	910,056	1,335,592	1,350,460	1,139,319
Unassigned	982,681	1,080,858	1,097,118	1,083,814	1,053,888	993,439	1,022,271	985,499	918,396	1,786,883
Total general fund	<u>\$ 3,538,350</u>	<u>\$ 3,550,840</u>	<u>\$ 3,634,430</u>	<u>\$ 4,737,535</u>	<u>\$ 5,339,712</u>	<u>\$ 6,954,189</u>	<u>\$ 7,429,973</u>	<u>\$ 12,518,611</u>	<u>\$ 17,886,161</u>	<u>\$ 8,718,218</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund										
Restricted for:										
Capital Projects Fund	\$ 5,748,796	\$ 4,164,865	\$ 2,992,700	\$ 2,455,488	\$ 5,849,974	\$ 2,849,715	\$ 3,917,416	\$ 2,590,438	\$ 3,158,579	\$ 16,791,805
Special revenue fund					169,992	216,037	153,545	186,335	188,050	227,711
Total all other governmental funds	<u>\$ 5,748,796</u>	<u>\$ 4,164,865</u>	<u>\$ 2,992,700</u>	<u>\$ 2,455,488</u>	<u>\$ 6,019,966</u>	<u>\$ 3,065,752</u>	<u>\$ 4,070,961</u>	<u>\$ 2,776,773</u>	<u>\$ 3,346,629</u>	<u>\$ 17,019,516</u>
Total Fund Balances	<u>\$ 9,287,146</u>	<u>\$ 7,715,705</u>	<u>\$ 6,627,130</u>	<u>\$ 7,193,023</u>	<u>\$ 11,359,678</u>	<u>\$ 10,019,941</u>	<u>\$ 11,500,934</u>	<u>\$ 15,295,384</u>	<u>\$ 21,232,790</u>	<u>\$ 25,737,734</u>

Source: ACFR Schedule B-1 and District records.

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

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

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

	Fiscal Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Tax levy and county capital contribution	\$ 36,953,738	\$ 36,511,447	\$ 30,337,956	\$ 30,337,958	\$ 30,337,956	\$ 29,937,956	\$ 29,937,956	\$ 28,964,306	\$ 28,443,790	\$ 28,090,260
Bond Act Grant	6,736,304									
Tuition charges	534,135	555,819	547,982	446,625	537,375	559,618	507,425	681,891	689,538	714,812
E-Rate									177,257	
Interest earnings	673,425	400,571	1,510	234	1,416	2,893	16,271	11,030	2,879	461
Miscellaneous	1,575,504	1,462,979	1,350,307	1,292,764	875,817	1,080,355	727,012	965,871	711,183	709,554
State sources	36,360,783	34,548,091	32,602,070	25,938,124	22,711,063	21,208,568	20,747,257	19,791,166	18,493,680	18,653,456
Federal sources	2,367,798	4,053,919	4,083,160	4,332,218	3,673,577	2,307,715	2,369,658	1,999,893	2,105,953	2,315,468
Total revenue	85,201,687	77,532,826	68,922,985	62,347,923	58,137,204	55,097,105	54,305,579	52,414,157	50,624,280	50,484,011
Expenditures										
Instruction										
Regular instruction	8,814,626	8,233,546	8,031,694	7,648,052	6,735,424	6,657,204	6,531,874	6,067,582	6,364,179	6,140,186
Other special instruction	83,115	77,561	74,672	69,403	125,435	106,348	105,477	109,636	112,091	117,509
Vocational education instruction	9,151,587	9,420,056	8,796,185	8,413,998	8,138,599	8,314,798	8,268,172	8,159,022	8,222,784	8,084,533
Other instruction	815,444	768,814	697,085	680,884	598,751	636,536	686,709	638,756	611,480	623,385
Support Services:										
Student & instruction related services	5,217,992	5,206,230	5,209,092	4,937,379	4,761,273	4,365,064	4,423,166	4,202,134	4,146,857	4,064,384
General administration	1,897,541	1,891,297	1,698,374	1,725,005	1,531,745	1,227,016	1,214,671	1,264,393	1,292,629	1,205,343
School administrative services	3,035,571	2,877,318	2,870,811	2,728,788	2,785,493	2,964,612	2,838,682	2,720,021	2,739,109	2,594,880
Plant operations and maintenance	9,750,742	9,189,302	8,703,338	7,930,356	7,704,266	7,828,206	7,544,983	7,749,335	7,308,870	6,780,044
Pupil transportation	238,963	237,570	238,726	153,826	92,371	168,874	213,877	184,127	173,030	182,001
Other support services	2,130,855	1,978,194	1,778,567	1,909,428	1,729,273	1,674,468	1,441,040	1,547,631	1,483,951	1,528,945
Employee benefits	19,775,494	19,020,183	18,195,171	17,417,333	15,981,009	14,852,027	15,058,237	14,172,407	13,121,441	12,366,833
Capital outlay	18,540,216	11,528,776	7,705,661	6,126,518	8,098,910	5,473,622	4,683,289	5,413,627	5,309,940	10,562,048
Special schools	1,244,597	1,166,573	1,129,160	1,125,960	1,194,392	1,149,313	1,298,753	1,274,061	1,309,360	1,308,141
Total expenditures	80,696,743	71,595,420	65,128,536	60,866,930	59,476,941	55,418,088	54,308,930	53,502,732	52,195,721	55,558,232
Excess (Deficiency) of revenues over (under) expenditures	4,504,944	5,937,406	3,794,449	1,480,993	(1,339,737)	(320,983)	(3,351)	(1,088,575)	(1,571,441)	(5,074,221)
Other Financing sources (uses)										
Transfers in	15,244,919		500,000	1,000,000				450,000		
Transfers out	(15,244,919)		(500,000)	(1,000,000)				(450,000)		
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 4,504,944	\$ 5,937,406	\$ 3,794,449	\$ 1,480,993	\$ (1,339,737)	\$ (320,983)	\$ (3,351)	\$ (1,088,575)	\$ (1,571,441)	\$ (5,074,221)
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records; ACFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30,</u>	<u>Sale of Materials</u>	<u>Registration Fees</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Sale of Obsolete Equipment</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2016	\$ 45,328	\$ 393,943	\$ 14,213	\$ 17,626	\$ 35,528	\$ 21,813	\$ 528,451
2017	32,969	380,972	18,723	27,892	9,074	56,171	525,801
2018	27,471	381,303	30,154	2,660	6,094	372,775	820,457
2019	35,061	411,529	33,050	4,834	4,940	68,026	557,440
2020	22,231	446,339	20,803	361	2,481	407,156	899,371
2021	505	336,884	2,700	18,150	10,890	45,662	414,791
2022	14,358	414,518	5,965	5,630	71,811	238,449	750,731
2023	38,496	436,209	10,115	45,668	17,000	105,313	652,801
2024	34,049	460,281	8,055	22,777	47,826	184,557	757,545
2025	33,270	484,580	12,210	6,143	27,661	22,451	586,315

Source: District records

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2016	825,298	\$ 44,565,266,702	\$ 53,999	4.6%
2017	826,972	45,920,101,216	55,528	4.2%
2018	825,677	47,886,788,969	57,997	3.7%
2019	824,394	50,232,799,602	60,933	3.2%
2020	822,736	52,968,566,416	64,381	8.8%
2021	860,807	60,200,537,545	69,935	6.4%
2022	861,418	61,474,234,152	71,364	3.7%
2023	863,623	65,075,720,296	75,352	4.2%
2024	890,119	N/A	N/A	4.5%
2025	N/A	N/A	N/A	N/A

Source:

^a Population information provided by the US Census Bureau, Population Division

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

^c Per capita personal income by municipality estimated based upon the 2024 Census published by the US Bureau of Economic Analysis.

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

N/A - Information was not available.

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

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Instruction										
Regular	81	85	80	79	79	82	82	84	82	88
Vocational	84	90	85	83	85	82	85	79	80	80
Support Services:										
Student & instruction related services	52	52	50	51	46	49	49	46	47	47
General administration	6	6	4	4	5	5	6	9	10	9
School administrative services	32	31	31	33	29	29	31	26	28	29
Central services	11	10	10	10	11	11	11	11	11	11
Administrative Information Technology	6	6	6	6	6	6	6	6	6	6
Plant operations and maintenance	49	49	48	48	50	48	46	48	46	47
Special Schools	15	16	14	13	13	11	8	9	10	9
Total	<u>336</u>	<u>345</u>	<u>328</u>	<u>327</u>	<u>324</u>	<u>323</u>	<u>324</u>	<u>318</u>	<u>320</u>	<u>326</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary	Middle School	Senior High School				
2016	2,530.5	\$ 44,996,184	\$ 17,782	-2.43%	221	N/A	N/A	1:11	2,089.7	1,958.2	5.81%	93.71%
2017	2,534.0	46,885,781	18,503	4.06%	226	N/A	N/A	1:11	2,046.6	1,946.6	-0.59%	95.11%
2018	2,524.5	48,089,105	19,049	2.95%	215	N/A	N/A	1:12	2,047.6	1,946.7	0.00%	95.08%
2019	2,538.5	49,625,641	19,549	2.63%	218	N/A	N/A	1:10	2,077.0	1,979.4	1.68%	95.30%
2020	2,577.5	49,944,466	19,377	-0.88%	219	N/A	N/A	1:10	2,107.9	2,036.4	2.88%	96.61%
2021	2,552.0	51,378,031	20,132	3.90%	219	N/A	N/A	1:10	2,121.0	2,060.8	1.20%	96.61%
2022	2,609.5	54,676,376	20,953	4.07%	217	N/A	N/A	1:12	2,142.0	2,029.0	-1.54%	94.72%
2023	2,570.5	57,422,875	22,339	6.62%	222	N/A	N/A	1:12	2,109.0	2,003.5	-1.26%	95.00%
2024	2,511.0	60,066,644	23,921	7.08%	220	N/A	N/A	1:12	2,089.6	1,988.5	-0.75%	95.16%
2025	2,598.0	62,156,527	23,925	0.01%	220	N/A	N/A	1:12	2,103.7	2,003.2	0.74%	95.22%

Sources: District records

Note: Enrollment based on annual October 15 District count.

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>District Building</u>										
<u>High School</u>										
Perth Amboy - New (2004)										
Square Feet	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000
Capacity (students)	442	442	442	442	442	442	442	442	442	442
Enrollment	295	292	285	289	284	274	276	265	263	270
Woodbridge (1938)										
Square Feet	52,754	52,754	52,754	52,754	52,754	52,754	52,754	52,754	52,754	52,754
Capacity (students)	221	221	221	221	221	221	221	221	221	221
Enrollment	315	317	312	311	316	294	354	286	285	288
East Brunswick (1970)										
Square Feet	278,124	278,124	278,124	278,124	278,124	278,124	278,124	278,124	278,124	278,124
Capacity (students)	985	985	985	985	985	985	985	985	985	985
Enrollment	708	717	711	739	743	752	763	734	742	754
Piscataway (1950)										
Square Feet	233,500	233,500	233,500	233,500	233,500	233,500	233,500	233,500	233,500	233,500
Capacity (students)	693	693	693	693	693	693	693	693	693	693
Enrollment	610	608	625	611	631	663	659	680	638	640
Academy (2000)										
Square Feet	29,900	29,900	29,900	29,900	29,900	29,900	29,900	29,900	29,900	29,900
Capacity (students)	119	119	119	119	119	119	119	119	119	119
Enrollment	166	160	159	159	166	168	171	175	174	173

Number of Schools at June 30, 2025
Senior High School = 5

Source: District Facilities Office

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

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

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

<u>Fiscal Year</u>	<u>Perth Amboy New</u>	<u>Woodbridge</u>	<u>East Brunswick</u>	<u>Piscataway</u>	<u>Academy</u>	<u>Total</u>
2016	\$ 204,369	\$ 68,665	\$ 362,773	\$ 394,418	\$ 71,289	\$ 1,101,514
2017	212,725	96,241	385,806	440,345	41,094	1,176,211
2018	320,575	140,353	294,041	314,446	39,550	1,108,965
2019	115,444	138,704	428,930	283,289	39,660	1,006,027
2020	283,193	147,795	549,293	363,114	77,166	1,420,561
2021	205,222	66,582	383,199	486,193	43,788	1,184,984
2022	156,391	135,318	390,858	373,411	99,046	1,155,024
2023	220,820	96,832	462,139	464,551	72,913	1,317,255
2024	278,392	92,992	444,712	362,822	95,716	1,274,634
2025	228,602	116,571	775,973	668,960	160,939	1,951,045
Total School Facilities	<u>\$ 2,225,733</u>	<u>\$ 1,100,053</u>	<u>\$ 4,477,724</u>	<u>\$ 4,151,549</u>	<u>\$ 741,161</u>	<u>\$ 12,696,220</u>

Source: District records
School facilities as defined under EFCFA.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Insurance Schedule
Year Ended June 30, 2025
Unaudited**

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

Source: District Records

Single Audit Section

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Middlesex County Vocational and Technical High Schools, in the County of Middlesex, New Jersey (the "District") as of and for the year ended June 30, 2025, 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, 2025.

Internal Control Over Financial Reporting

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

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

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

Page 2

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

Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 4, 2025

David J. Gannon

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Middlesex County Vocational and Technical High School's, in the County of Middlesex, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2025. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal and State Program

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

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

Page 2

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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.

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

Page 3

Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 4, 2025

David J. Gannon

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/ Program Title	Federal A.L. Number	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2024	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable) at June 30, 2025	Unearned Revenue at June 30, 2025	Due to Grantor at June 30, 2025	Amount Provided to Subrecipients
U.S. Department of Human Services													
Passed-Through State Department of Human Services:													
Medicaid Cluster:													
Medical Assistance Program	93.778	2005NJ5MAP	7/1/24-6/30/25	\$ 1,950			\$ 1,950	\$ (1,950)					
Medicaid Administrative Claiming (MAC)	93.778	Not Available	7/1/24-6/30/25	15,099			15,099	(15,099)					
Medical Assistance Program Subtotal							<u>17,049</u>	<u>(17,049)</u>					
New Jersey Division of Vocational Rehabilitation Services													
Vocational Rehabilitation Services	84.126	Not Available	7/1/24-6/30/25	24,075			<u>24,075</u>	<u>(24,075)</u>					
Total General Fund							<u>41,124</u>	<u>(41,124)</u>					
U.S. Department of Education													
Passed-Through State Department of Education:													
Title I	84.010A	S010A250030	7/1/24-9/30/25	514,094			278,919	(466,110)		\$ (187,191)			
Title I	84.010A	S010A240030	7/1/23-9/30/24	583,726	<u>\$ (176,879)</u>		<u>176,879</u>						
Subtotal - Title I					<u>(176,879)</u>		<u>455,798</u>	<u>(466,110)</u>					<u>(187,191)</u>
Title II - A	84.367	S367A250029	7/1/24-9/30/25	116,989			72,934	(73,445)					(511)
Title II - A	84.367	S367A240029	7/1/23-9/30/24	129,146	<u>(775)</u>		<u>8,543</u>	<u>(7,768)</u>					
Subtotal - Title II - A					<u>(775)</u>		<u>81,477</u>	<u>(81,213)</u>					<u>(511)</u>
Title IV	84.424	S425A240031	7/1/24-9/30/25	37,820			34,330	(34,330)					
Special Education Cluster (I.D.E.A.):													
I.D.E.A. Part B	84.027	S027A250100	7/1/24-9/30/25	639,931			353,598	(639,931)					(286,333)
I.D.E.A. Part B	84.027	S027A240100	7/1/23-9/30/24	671,923	<u>(303,099)</u>		<u>303,099</u>						
Subtotal I.D.E.A. Part B					<u>(303,099)</u>		<u>656,697</u>	<u>(639,931)</u>					<u>(286,333)</u>
Carl Perkins - Entitlement Federal	84.048	V048A250030	7/1/24-6/30/25	775,699			678,119	(775,699)					(97,580)
Carl Perkins - Entitlement Reserve	84.048	V048A250030	7/1/24-6/30/25	82,834			82,834	(82,834)					
Carl Perkins - Entitlement Federal	84.048	V048A240030	7/1/23-6/30/24	644,132	<u>(187,406)</u>		<u>188,931</u>		\$ (1,525)				
Carl Perkins - Entitlement Reserve	84.048	V048A240030	7/1/23-6/30/24	82,314	<u>(8,260)</u>		<u>8,260</u>						
Subtotal Carl Perkins					<u>(195,666)</u>		<u>958,144</u>	<u>(858,533)</u>	<u>(1,525)</u>				<u>(97,580)</u>
ARP ESSER	84.425U	S425U210027	3/11/21-9/30/24	3,774,081	<u>(244,120)</u>		248,439	(4,319)					
ARP ESSER Accelerated Learning	84.425U	S425U210027	3/11/21-9/30/24	230,344	<u>(4,640)</u>		60,571	(55,931)					
ARP ESSER SummerLearning	84.425U	S425U210027	3/11/21-9/30/24	40,000			<u>1,986</u>	<u>(1,986)</u>					
Subtotal ESSER					<u>(248,760)</u>		<u>310,996</u>	<u>(62,236)</u>					
Passed-Through Middlesex County:													
Middlesex Empowers Agricultural & Aquacultural Innovation Program		Not Available	9/30/2023-9/30/2026	284,200				<u>(184,321)</u>		<u>(184,321)</u>			
Subtotal Middlesex Empowers Agricultural & Aquacultural Innovation								<u>(184,321)</u>		<u>(184,321)</u>			
Total Special Revenue Fund					<u>(925,179)</u>		<u>2,497,442</u>	<u>(2,326,674)</u>	<u>(1,525)</u>		<u>(755,936)</u>		
U.S. Department of Agriculture													
Passed - Through State Department of Agriculture:													
Child Nutrition Cluster:													
Food Donation Program (NC)	10.565	251NJ304N1099	7/1/24-6/30/25	81,046			81,046	(81,046)					
National School Lunch Program	10.555	251NJ304N1099	7/1/24-6/30/25	471,773			440,527	(471,773)					(31,246)
National School Lunch Program	10.555	241NJ304N1099	7/1/23-6/30/24	425,549	<u>(29,900)</u>		29,900						
School Breakfast Program	10.553	251NJ304N1099	7/1/24-6/30/25	145,364			135,271	(145,364)					(10,093)
School Breakfast Program	10.553	241NJ304N1099	7/1/23-6/30/24	140,450	<u>(10,975)</u>		<u>10,975</u>						
Subtotal Child Nutrition Cluster					<u>(40,875)</u>		<u>697,719</u>	<u>(698,183)</u>					<u>(41,339)</u>
P-EBT Administrative Cost	10.649	2022225900941	7/1/24-6/30/25	322			<u>322</u>	<u>(322)</u>					
Total Enterprise Fund					<u>(40,875)</u>		<u>698,041</u>	<u>(698,505)</u>					<u>(41,339)</u>
Total Federal Awards					<u>\$ (966,054)</u>	<u>\$ -</u>	<u>\$ 3,236,607</u>	<u>\$ (3,066,303)</u>	<u>\$ (1,525)</u>	<u>\$ (797,275)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NC - represents noncash expenditures

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

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

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2025

State Grantor Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2024			Cash Received	Budgetary Expenditures	Canceled	Balance at June 30, 2025			MEMO		
				Unearned Rev/ (Accts. Rec)	Due to Grantor	Carryover Amount				(Accounts Receivable)	Unearned/Rev Fund Balance	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:															
Equalization Aid	25-495-034-5120-078	7/1/24-6/30/25	\$ 17,408,915				\$ 15,677,376	\$ (17,408,915)				\$ (1,731,539)	\$ (17,408,915)		
Special Education Categorical Aid	25-495-034-5120-089	7/1/24-6/30/25	2,467,805				2,222,350	(2,467,805)				(245,455)	(2,467,805)		
Security Aid	25-495-034-5120-084	7/1/24-6/30/25	688,330				619,867	(688,330)				(68,463)	(688,330)		
TPAF Social Security Aid	25-495-034-5094-003	7/1/24-6/30/25	1,547,934				1,475,056	(1,547,934)		\$ (72,878)			(1,547,934)		
Equalization Aid	24-495-034-5120-078	7/1/23-6/30/24	16,965,244	\$ (1,685,987)			1,685,987								
Special Education Categorical Aid	24-495-034-5120-089	7/1/23-6/30/24	1,824,182	(181,285)			181,285								
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	592,489	(58,881)			58,881								
TPAF Social Security Aid	24-495-034-5094-003	7/1/23-6/30/24	1,491,292	(71,988)			71,988								
On-Behalf TPAF Contributions:															
Pension Benefit Contributions	25-495-034-5094-002	7/1/24-6/30/25	6,994,441				6,994,441	(6,994,441)					(6,994,441)		
Long-Term Disability Insurance Contribution	25-495-034-5094-004	7/1/24-6/30/25	3,693				3,693	(3,693)					(3,693)		
Post Retirement Medical Contribution	25-495-034-5094-001	7/1/24-6/30/25	2,043,781				2,043,781	(2,043,781)					(2,043,781)		
Total General Fund				(1,998,141)			31,034,705	(31,154,899)		(72,878)		(2,045,457)	(31,154,899)		
Vocational Education-Carl Perkins Post-Secondary	25-100-034-5062-032	7/1/24-6/30/25	137,123				137,123	(137,123)					(137,123)		
Pre-Apprentice in Career Education (PACE)	Not available	6/15/23-12/15/24	134,380	(53,754)			79,827	(26,073)					(26,073)		
NJ Pathways to Career Opportunities	Not available	9/1/22-6/30/25	10,000							\$ 10,000					
Non Public Stem Grant	Not available	7/1/23-6/30/24	6,263	(506)			506								
Innovations Dual Enrollment Pilot	Not available	12/1/23-12/31/24	150,000	(1,755)			149,865	(148,110)					(148,110)		
Innovations Dual Enrollment Pilot	Not available	12/1/24-12/31/25	60,000				60,000	(7,929)			52,071		(7,929)		
Whole School, Whole Community, Whole Child School Health Program	Not available	7/1/24-6/30/25	8,000				8,000	(5,953)			2,047		(5,953)		
Total Special Revenue Fund				(46,015)			435,321	(325,188)			64,118		(325,188)		
Addt. State School Bldg Aid-SDA Grant	03-495-034-5120-016	7/1/15-present	1,412,532	(815,907)			814,842		\$ 1,065				(827,476)		
Addt. State School Bldg Aid-SDA Grant	03-495-034-5120-016	7/1/16 - present	450,549	(450,549)			450,549						(438,981)		
Securing our Children's Future Bond Act - Career and Technical Education (CTE)	Not Available	7/1/2024 - present	23,137,500					(6,736,304)		(6,736,304)			(6,736,304)		
Appropriations Act- Admin. Infrastructure - Add'l State Aid (Bookstore)	Not Available	7/1/2024 - present	15,000,000				15,000,000	(3,059,304)			11,940,696		(3,059,304)		
Total Capital Projects Fund				(1,266,456)			16,265,391	(9,795,608)	1,065	(6,736,304)	11,940,696		(11,501,046)		
National School Lunch Program (State Share)	25-100-010-3350-023	7/1/24-6/30/25	35,982				33,600	(35,982)		(2,382)			(35,982)		
National School Breakfast Program (State Share)	25-100-010-3350-023	7/1/24-6/30/25	10,314				9,627	(10,314)		(687)			(10,314)		
National School Lunch Program (State Share)	24-100-010-3350-023	7/1/23-6/30/24	23,258	(1,639)			1,639								
National School Breakfast Program (State Share)	24-100-010-3350-023	7/1/23-6/30/24	6,210	(483)			483								
P-EBT Administrative Cost (State Share)	25-100-010-3370-003	7/1/24-6/30/25	321				321	(321)					(321)		
Total Enterprise Fund				(2,122)			45,670	(46,617)		(3,069)			(46,617)		
Total State Financial Assistance				\$ (3,312,734)	\$ -	\$ -	\$ 47,781,087	\$ (41,322,312)	\$ 1,065	\$ (6,812,251)	\$ 12,004,814	\$ -	\$ (2,045,457)	\$ (43,027,750)	
State Financial Assistance															
Not Subject to Single Audit Determination															
General Fund															
On-Behalf TPAF Contributions:															
Pension Benefit Contributions	25-495-034-5094-002	7/1/24-6/30/25	6,994,441				6,994,441	(6,994,441)					(6,994,441)		
Long-Term Disability Insurance Contribution	25-495-034-5094-004	7/1/24-6/30/25	3,693				3,693	(3,693)					(3,693)		
Post Retirement Medical Contribution	25-495-034-5094-001	7/1/24-6/30/25	2,043,781				2,043,781	(2,043,781)					(2,043,781)		
Total State Financial Assistance															
Subject to Single Audit Determination															
				\$ (3,312,734)	\$ -	\$ -	\$ 38,739,172	\$ (32,280,397)	\$ 1,065	\$ (6,812,251)	\$ 12,004,814	\$ -	\$ (2,045,457)	\$ (33,985,835)	

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

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

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

Year ended June 30, 2025

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

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

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

Year ended June 30, 2025

3. Relationship to Basic Financial Statements (continued)

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

The net adjustment is \$119,304 to reconcile from the budgetary basis to the GAAP basis for the general fund and no adjustment for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 41,124	\$ 36,035,595	\$ 36,076,719
Special Revenue Fund	2,326,674	325,188	2,651,862
Capital Projects Fund		9,795,608	9,795,608
Food Service Enterprise Fund	698,505	46,617	745,122
Total financial awarded revenues	\$ 3,066,303	\$ 46,203,008	\$ 49,269,311

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.

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

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

Year ended June 30, 2025

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value of USDA commodities received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2025.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2025 amounted to \$9,041,915. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, as directed by the funding agency.

6. Indirect Costs

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

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

Part I – Summary of Auditors' Results

Financial Statements Section

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?

_____ Yes √ No

Are any significant deficiencies identified?

_____ Yes √ None Reported

Is any noncompliance material to financial statements noted?

_____ Yes √ No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified?

_____ Yes √ No

Are any significant deficiencies identified?

_____ Yes √ None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes √ No

Identification of major federal programs:

AL Number(s)	FAIN Number	Name of Federal Program or Cluster
84.048	V048S250030	Carl Perkins – Entitlement Grant

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

\$750,000

Auditee qualified as low-risk auditee?

 √ Yes _____ No

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

Part I – Summary of Auditors' Results

State Financial Assistance Section

Internal control over major state programs:

Are any material weaknesses identified? _____ Yes √ No

Are any significant deficiencies identified? _____ Yes √ None Reported

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

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

Identification of major state programs:

State Grant/Project Number(s)	Name of State Program
Not Available	Securing Our Children's Future Bond Act- Career and Technical Education
Not Available	Appropriations Act - Administrative Infrastructure Aid

Dollar threshold used to distinguish between Type A and Type B programs: _____ \$ 968,412

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

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

Part II – Schedule of Financial Statement Findings

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

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

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

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