

AREA VOCATIONAL-
TECHNICAL SCHOOLS
OF MERCER COUNTY
SCHOOL DISTRICT

County of Mercer
New Jersey

*Comprehensive Annual Financial Report
For the Year Ended
June 30, 2011*

**Area Vocational-Technical Schools
of Mercer County School District**

Hamilton, New Jersey

**Comprehensive Annual Financial Report
For the Year Ended June 30, 2011**

Prepared by:

Business Office

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Introduction Section



Board of Education
AREA VOCATIONAL-TECHNICAL SCHOOLS
of Mercer County

Albert W. Pitman
President

Clifford R. Reisser
Vice President

Nancy R. Swirsky
School Business Administrator
Board Secretary

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December 5, 2011

Honorable President and
Members of the Board of Education
of the Area Vocational-Technical Schools
of Mercer County
Hamilton, New Jersey 08690

Dear Board Members and Constituents:

The comprehensive annual financial report of the Area Vocational-Technical Schools of Mercer County ("District") as of and for the year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and government-wide financial statements of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this Transmittal Letter (designed to compliment Management's Discussion and Analysis and should be read in conjunction with it), the District's Organizational Chart and a list of Principal Officials and a list of independent auditors and advisors. The Financial section includes the Independent Auditors' Report, Management's Discussion and Analysis, basic financial statements and related footnotes and schedules. 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 Amendments of 1996 and the U. S. Office of Management and Budget Circular A-133, Audits of State and Local

Governments and Non-Profit Organizations, and the State Treasury Circular Letter OMB 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. A federal single audit was not required in the 2011 fiscal year as federal expenditures did not exceed \$500,000. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:**

Area Vocational-Technical Schools of Mercer County is considered fiscally dependent upon County Government; therefore, it is an entity that must report under GASB Statement No. 34.

The District provides a full range of educational services appropriate to grade levels 9 to 12 in full-time and grades 11 to 12 in shared secondary programs, adult, and post-secondary. These include regular, vocational as well as vocational special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an average daily enrollment of 699.7 students. Following are the District's average daily enrollments over the last five years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>
2010-2011	699.7
2009-2010	747.6
2008-2009	783.9
2007-2008	766.5
2006-2007	797.7

2. **ECONOMIC CONDITION AND OUTLOOK:**

The Area Vocational-Technical School District of Mercer County currently is primarily a shared-time vocational-education delivery system serving all of the secondary public and non-public school districts in Mercer County but working to introduce full-time career academies to better meet the needs of the students and industry. The District was formed in 1968 as a result of a resolution passed by the Mercer County Board of Chosen Freeholders. Under the auspices of a five-member Board of Education, the District also sponsors a comprehensive adult and post-secondary vocational-technical program.

The District is currently operating three secondary schools and one post-secondary school. The Assunpink Center houses both the full time Health Science Academy and with the Sypek Center operates shared-time vocational-technical facilities serving 11th and 12th grade students and other out-of-school youth who require entry-level career training. The Career Tech Program, located on the West Windsor Campus of the Mercer County Community College, is also a shared-time educational program designed to serve 11th and 12th grade students who are seeking careers in Theatre Entertainment Technology, Professional Cooking, Computer Systems & Networking, Criminal Justice, Fire Science and EMT Technology, Business Foundations, and Radio & TV Production

are also sponsored by the school district. The Health Careers Center is a post-secondary educational facility designed to serve individuals who are interested in pursuing careers in practical nursing, medical assisting, massage therapy, and other allied health careers. Part-time adult evening programs are available at the Assunpink and Health Careers Centers.

The adult evening school currently maintains approximately twenty-five (25) different occupational programs at various levels, in the areas of apprenticeship, business, trade and industry, health, and wastewater management. The District also sponsors ten (10) special projects and customized training programs for the underemployed and unemployed. The District also serves as the local educational agency for the Thomas J. Rubino Academy, an alternative high school. The alternative education program is designed to offer structure different from the traditional form of education and to assist students in realizing their life goals and choices, talents, abilities, and career interests. The education services for the alternative program are provided by Camelot Educational Resources LLC, an educational service provider to assist New Jersey's public schools, private schools, and state agencies to meet their ever-increasing needs and demands. The education program is delivered at the Alfred Reed School in Ewing, New Jersey through an Interlocal agreement with the Mercer County Special Services School District. During the 2010-2011 school year, there were 109 students enrolled in the alternative education program.

The District acquires its funding from federal, state, county, and local sources. As per the 2010-11 budget of \$13,792,227, approximately 16% of the budget is supported by state aid, 50% by county tax aid, 4% by federal/state special revenue aid, and 30% from tuition, fees and miscellaneous income. For the 2010-2011 school year, the District was able to sustain its budget through a net change in fund balance of only \$69,869.

The Division of Labor Market and Demographic Research from the State of New Jersey, Department of Labor and Workforce Development (February 24, 2011) released statistics of the top 25 jobs in demand as of December 2010, which included Medical and Health Services positions such as Occupational Therapists, Pharmacists and Registered Nurses. The total job loss in New Jersey between January 2008 - December 2010 is estimated at 260,600 positions with an unemployment rate in December 2010 of 9.1%. The Department of Labor and Workforce Development releases local data monthly. Mercer County Technical Schools is striving to align programs and prepare students to meet the demands of today and the future through additional Career Prep and full time Academy Programs for students to earn the credentials for high school and beyond in conjunction with Mercer County Community College, business and industry apprenticeships and partnerships.

3. **MAJOR INITIATIVES:**

Capital Project Initiatives:

The conversion from a shared-time facility to a full-time facility remains an ongoing capital improvement project as part of the Long-Range Facility Plan. This facility proposal was initiated as a result of the new educational reforms established by the State Department of Education. Given the impact of the New Jersey Core Curriculum Content Standards, The No Child Left Behind Act of 2001 (“NCLB”), Partnership for 21st Century Skills (2008) and the New Jersey Department of Education High School Redesign Initiative (2007), it has become more evident that “full-time” career and technical education programs will offer students an integrated academic and technical comprehensive educational program. The design schematics for the proposed full-time educational program will include specialized laboratory facilities and academic classrooms for career programs in six distinct academies: Retail/Personal Services, Design and Construction, Transportation, Fashion/Creative Arts, and Health Sciences. The Academy concept incorporates innovative approaches to education such as flexible scheduling, integrated curriculum, industry-school mentorship and partnership, technology, project-based research experiences, and internships. The first Academy in Health Science is designed to meet the needs of those students who wish to prepare for careers in the Health and Medical Sciences.

Program Initiatives:

- Continued development of customized training programs for government, business, industry and labor groups with a special emphasis on those companies and industries that have either downsized or have decided to close their operations within the near future.
- Continued planning and implementation of the Career and Technology Schools That Work Comprehensive School Reform Project. A Technical Assistance site visit took place in January 2008. Activities included 1) alignment of the CTE curriculum with science, math and language arts core content standards, 2) initiation of the dual enrollment articulation agreements with Mercer County Community College, and 3) the development of a literacy plan in each career cluster.
- Expansion of the continuing education programs for practical nurses, medical assistants, and medical technicians to include a partnership with CVS “Career Prescription for Success” (CAPS) program that served high school students; an Instrument Sterilization Tech Program in which students were awarded CRCST certification.
- Development of student centered programs with higher education, business/industry, labor and government in collaborative partnerships to meet the future demands of the economy and workforce requirements.

- The Health Careers Center completed its self-study accreditation phase with The Council on Occupational Education and was awarded continued certification in October 2010 for six (6) years. The Council is a national accrediting agency that is committed to assuring quality and integrity in career and workforce development.

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 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’s management.

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

5. **BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund, if applicable. 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 reservations of fund balance on June 30, 2011.

6. **ACCOUNTING SYSTEM AND REPORTS:**

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

7. **FINANCIAL INFORMATION AT FISCAL YEAR-END:**

As demonstrated by the various statements and schedules included in the financial section of the report, the District continues to meet its responsibility for sound financial management. Under the New Jersey State School Funding Reform Act (“SFRA”) of 2008, the District was able to provide funding for Capital and Maintenance Reserve accounts for unanticipated expenditures. Financial summaries and detail should be reviewed in the Management’s Discussion and Analysis for the Fiscal Year ended June 30, 2011.

8. **DEBT ADMINISTRATION:**

At June 30, 2011, the District had no outstanding debt.

9. **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 a 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.

10. **RISK MANAGEMENT:**

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

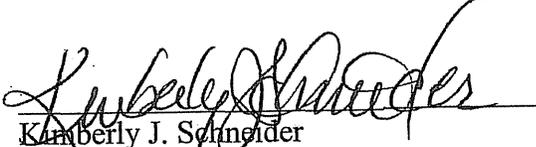
11. **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm Wiss and Company, L.L.P. 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 Amendments of 1996 and related State OMB Circular 04-04. The auditor’s report on the basic financial statements and footnotes, combining and individual fund statements and schedules is included in the financial section of this report. The auditors’ report related specifically to the single audit is included in the single audit section of this report.

12. ACKNOWLEDGEMENTS:

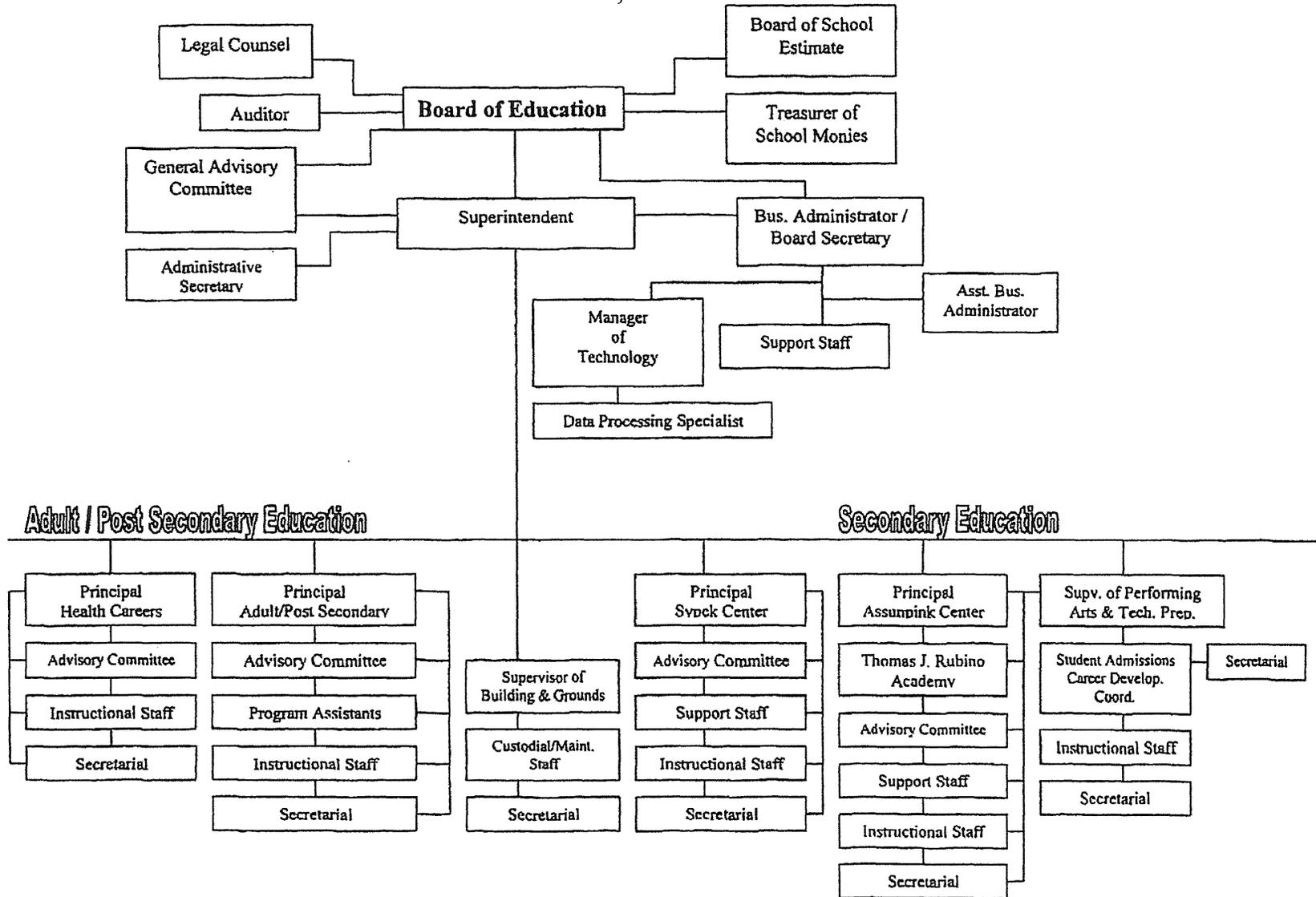
We would like to express our appreciation to the members of the Area Vocational-Technical Schools of Mercer County Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance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

Respectfully submitted:


Kimberly J. Schneider
Superintendent


Nancy R. Swirsky
Business Administrator/Board Secretary

**MERCER COUNTY TECHNICAL SCHOOL DISTRICT
ORGANIZATIONAL CHART
JUNE 30, 2011**



Area Vocational-Technical Schools
Of Mercer County School District
Mercer County, New Jersey

Roster of Officials

June 30, 2011

Members of the Board of Education

Term Expires

Albert W. Pitman, President

November 2014

Clifford R. Reisser, Vice-President

November 2014

Kevin Drennan

November 2014

Judith Iszard

November 2011

Dr. Samuel Stewart, Executive County Superintendent of Schools

Ex-Officio

Other Officials

Dr. Kimberly Schneider, Superintendent of Schools – Chief School Administrator

Nancy R. Swirsky, School Business Administrator / Board Secretary

Thomas Venanzi, Treasurer of School Monies

Area Vocational-Technical Schools
Of Mercer County School District
Mercer County, New Jersey

Independent Auditors and Advisors

Independent Auditors

Wiss and Company, LLP
Iselin, New Jersey 08830

Attorneys

Michael J. Herbert, Esq.
Herbert, Van Ness, Cayci & Goodell
Princeton, New Jersey 08542

Official Depositories

New Jersey Cash Management
PNC Bank
Roma Federal Savings Bank
Bank of America

Financial Section



Independent Auditors' Report

Honorable President and Members
of the Board of Education
Area Vocational-Technical Schools of Mercer School District
Hamilton, New Jersey
County of Mercer

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Area Vocational-Technical Schools of Mercer County School District, New Jersey (the "District"), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Administration and 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. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

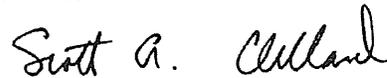
In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the introductory section, combining and individual fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on them.

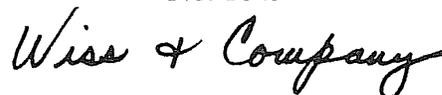
The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Scott A. Clelland

Licensed Public School Accountant

No. 1049



WISS & COMPANY, LLP

December 5, 2011
Iselin, New Jersey

Required Supplementary Information – Part I
Management's Discussion and Analysis

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011
(UNAUDITED)

The discussion and analysis of Area Vocational-Technical Schools of Mercer County School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements, notes to the basic financial statements and additional information in the transmittal letter to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2011 are as follows:

- ◆ In total, net assets decreased \$68,002, which represents a 0.55% decrease from 2010.
- ◆ Total assets of governmental activities decreased by \$530,611, as cash and cash equivalents increased by \$610,755; receivables decreased by \$1,001,705; and capital assets decreased by \$174,036.
- ◆ Total liabilities decreased by \$462,609, as accounts payable decreased by \$250,983; non-current liabilities (sick leave reimbursement and early retirement benefit incentives) decreased by \$174,139; and unearned revenue decreased by \$14,466.
- ◆ General revenues accounted for \$9,305,391 in revenue or 72% of all revenues. Program specific revenues in the form of charges for services accounted for \$3,587,764 or 28% of total revenues of \$12,893,155.
- ◆ Total spending for all programs was \$12,961,157, including a charge of \$578,512 of allocated depreciation. Expenses in the amount of \$3,587,764 were offset by specific charges for services and operating and capital grant contributions. General revenues (primarily county tax levy and state aid) of \$9,305,391 were adequate to provide for the balance of these programs, exclusive of the charge for depreciation.
- ◆ The General Fund had \$12,399,512 in revenues and \$12,469,381 in expenditures. The General Fund's balance decreased \$69,869 from 2010. This decrease was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of basic financial statements and notes to those basic statements. These statements are organized so the reader can understand the Area Vocational-Technical Schools of Mercer County District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The three components that comprise the District's basic financial statements are: government-wide financial statements; fund financial statements; and notes to the basic financial statements. The CAFR also contains required and other supplementary information in addition to the basic financial statements themselves.

Reporting the School District as a Whole

Government-wide Activities

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Area Vocational-Technical Schools of Mercer County School District, the General Fund is by far the most significant fund.

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010-11?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the District has the following distinct kind of activity:

- ◆ Governmental Activities – All of the District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

The government-wide financial statements are Schedules A-1 and A-2.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major (all) funds is included in the 2010-11 Comprehensive Annual Financial Report as presented by the District. Fund financial statements provide detailed information about the District's major funds. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds. The fund financial statements are utilized for District financial decision making.

Governmental Funds

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

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

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

The basic governmental fund financial statements are Schedules B-1, B-2 and B-3.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses trust funds to account for the activity in its private-purpose scholarship fund and unemployment compensation trust fund. The District uses agency funds to account for resources held for student activities and groups and payroll-related liabilities. The basic fiduciary fund financial statements are Schedules B-7 and B-8.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to 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 30 through 51 of this report.

The School District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole. Net assets may serve as an indicator of a government's financial position. However, as noted earlier, net assets are not the primary basis for decision making for each budget cycle. The District's financial position is the product of several financial transactions including the net results of activities, the increase and decrease of compensated absences, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary comparison of the District's governmental activities for 2011 and 2010.

	Net Assets	
	June 30, 2011 and 2010	
	<u>2011</u>	<u>2010</u>
Assets:		
Cash and Cash Equivalents	\$ 1,259,830	\$ 1,598,789
Accounts Receivable	594,097	1,595,802
Restricted assets:		
Cash and Cash Equivalents	1,556,954	607,240
Capital Assets, Non-Depreciable	34,375	-
Capital Assets, Depreciable, Net	<u>9,324,190</u>	<u>9,498,226</u>
Total Assets	<u>12,769,446</u>	<u>13,300,057</u>
Liabilities:		
Accounts Payable	23,323	274,306
Unearned Revenue	37,824	52,290
Other Current Liabilities		1,979
Payables – Other Governments	396	21,438
Noncurrent Liabilities:		
Due Within One Year	25,000	204,181
Due Beyond One Year	<u>376,350</u>	<u>371,308</u>
Total Liabilities	<u>462,893</u>	<u>925,502</u>
Net Assets:		
Invested in Capital Assets	9,358,565	9,498,226
Restricted for:		
Other Purposes	2,422,154	2,446,789
Unrestricted	<u>525,834</u>	<u>429,540</u>
Total Net Assets	<u>\$ 12,306,553</u>	<u>\$ 12,374,555</u>

Total assets decreased by \$530,611. The majority of the decrease resulted from a reduction in receivables, due to the timing of collection from other districts.

Total liabilities decreased by \$462,609. The District's non-current liabilities decreased \$174,139 and current liabilities decreased \$288,470. The decrease non-current liabilities primarily resulted from a combination of the 2010-2011 compensated absence payouts from retirements and unfunded pension liability payment. The decrease in the current liabilities resulted primarily from a reduction in the liability to Camelot Educational Resources, LLC.

Unrestricted net assets, the part of net assets that can be used to finance day-to day activities, without constraints established by grants or legal requirements of the District, increased by \$96,294, largely due to an increase in encumbrances outstanding.

The following table provides a comparison analysis of Government-wide changes in net assets from fiscal years 2011 and 2010.

**Changes in Net Assets
Years ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,094,121	\$ 2,403,527
Operating Grants and Contributions	493,643	733,701
Capital Grants and Contributions	-	137,386
General Revenues:		
County Appropriation / Taxes	6,134,097	6,134,097
State and Federal Sources	2,603,150	2,215,931
Interest on Investments	4,991	11,917
Miscellaneous	<u>563,153</u>	<u>642,782</u>
Total Revenues	<u>12,893,155</u>	<u>12,279,341</u>
Program Expenses:		
Instruction:		
Regular Vocational Programs	2,718,487	2,484,146
Special Vocational Programs	1,302,667	1,283,951
Support Services:		
Attendance, Health, Student Services and Transportation, and Improvement of Instruction	1,038,134	934,236
General Administration	521,291	353,298
School Administration	795,035	831,526
Operations and Maintenance	1,877,929	2,077,956
Central Services/Benefits/Technology	604,450	580,225
Special Schools	<u>4,103,164</u>	<u>4,295,947</u>
Total Expenses	<u>12,961,157</u>	<u>12,841,285</u>
 (Decrease) in Net Assets	 (68,002)	 (561,944)
Net Assets – Beginning	<u>12,374,555</u>	<u>12,936,499</u>
Net Assets – Ending	<u>\$ 12,306,553</u>	<u>\$ 12,374,555</u>

Charges for services revenue represents tuition, fees and other charges to users or recipients of the services the District provides. Charges for services include tuition and registration fees for the alternative high school, interim alternative education setting program, day school, summer program, health careers post-secondary program, the adult evening school. The increase in charges for services was due largely to the addition of a full time Academy.

The operating grants and contributions decreased resulted primarily from the District having received ARRA one time Federal grants in the prior year, which totaled \$386,738.

State sources general revenue increased as a result of the State funding which reflected an increase for the 2010/11 school year.

Regular program and special vocational program instructional costs increased due to the full time Academy and restructuring of current programs.

General administrative costs increased due to due to the expansion costs to the academy and legal fees for negotiations and litigation.

Decrease in School administrative costs are largely due to retirements.

Operations and maintenance costs decreased as a result of capital funding from the county.

Central services, benefits and administrative information technology costs increased due to increase in health benefits.

Financial Analysis of the District's Funds

The District uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the District to demonstrate its stewardship over and accountability for resources received from the County of Mercer, State of New Jersey and other entities. These statements also allow the reader to obtain more insight into the financial workings of the District, and assess further the District's overall financial health.

As the District completed the fiscal year ended June 30, 2011, it reported a general fund fund balance of \$3,383,713, which is a decrease of \$69,869 from the prior year. The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Schedule B-3, presents the reader with a detailed explanation of the decrease in fund balance for the fiscal year.

Governmental Funds (Schedules B-1 and B-2)

Governmental funds are accounted for using the modified accrual basis of accounting. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources. Such information is essential in assessing the District's financing requirements.

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

following schedules represent revenues and expenditures from a New Jersey budgetary viewpoint. The first schedule presents a summary of the revenues of the General Fund and Special Revenue Fund for the fiscal year ended June 30, 2011, and the amount and percentage of increases and (decreases) in relation to prior year revenues.

Revenues

Year Ended June 30, 2011

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2010</u>	<u>Percent of Increase (Decrease)</u>
Local sources	\$ 9,812,280	76.1%	\$ 614,638	6.7%
State sources	2,634,481	20.4	692,675	35.7
Federal sources	446,394	3.5	(556,112)	(55.5)
Total	\$ 12,893,155	100.0%	\$ 751,201	6.2%

The increase in the local sources was primarily a result of the tuition charges resulting from the addition of a full time academy. The increase in the state sources was mainly attributable to the increase in state aid. Federal sources decreased primarily due to the District receiving one time ARRA funding in prior year.

The following schedule presents a summary of general fund and special revenue fund expenditures for the year ended June 30, 2011, and the amount and percentage of increases and (decreases) in relation to prior year expenditures.

Expenditures

Year Ended June 30, 2011

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2010</u>	<u>Percent of Increase (Decrease)</u>
Current:				
Instruction	\$ 3,039,562	23.4%	\$ 340,644	12.6%
Undistributed expenditures	5,951,668	45.9	148,565	2.6
Capital outlay	422,225	3.3	29,875	7.6
Special schools	3,549,569	27.4	(34,476)	(1.0)
Total	\$ 12,963,024	100.0%	\$ 484,608	3.9%

The increase in instruction is mainly the result of the addition of a full time academy.

General Fund Budgetary Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the year, the District revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the District's original and final budget compared with actual operating results is provided in Section C of the CAFR, entitled Budgetary Comparison Schedules. The District generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund finished the fiscal year approximately \$13,178 better than had been budgeted in terms of revenues and \$1,365,192 better in terms of expenditures. Both the revenues and appropriations were adjusted for \$437,911 of non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement medical contributions.

The decrease in expenditures was anticipated due to the decline in enrollment for which corresponding staff and program supplies were not expended.

The fund balance will be carried forward into the beginning fund balance for the 2011-12 fiscal year and will be used in renovations as detailed in the District's Long Range Facility Plans.

Capital Assets

At the end of fiscal years 2011 and 2010, the District had \$9,358,565 and 9,498,226 invested in a broad range of capital assets, including construction in progress, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Increases during the year represent additions to those categories, while decreases represent retirement of assets during the year, and depreciation of depreciable assets for the year. The table below shows the net book value of governmental activities capital assets at the end of 2011 and 2010 fiscal years.

Capital Assets (Net of Depreciation)

	<u>2011</u>	<u>2010</u>
Construction in Progress	\$ 34,375	
Buildings and Building Improvements	8,374,882	\$ 8,589,310
Furniture, Vehicles, and Equipment	<u>949,308</u>	<u>908,916</u>
Total	<u>\$ 9,358,565</u>	<u>\$ 9,498,226</u>

During the current fiscal year, \$438,851 of capital assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year.

The District anticipates that capital additions for the 2011-12 fiscal year will be significantly higher than the current year because of additional renovations to the Health Science Academy and the Energy Savings Improvement Plan (ESIP) upgrades to buildings.

Economic Factors and Next Year's Budget

For the 2010-11 school year, the Area Vocational-Technical Schools of Mercer County School District was able to sustain its budget through the County Aid Levy, State Education Aid and Local Revenue Sources. Approximately 20% of the District's revenue was from Federal, State and Local Aid (Restricted and Not Restricted), while 50% of total revenue was from the County Tax Levy. The balance of the revenue was comprised of Tuition, Registration Fees and Miscellaneous Income.

The \$2,947,988 in Net Restricted and Unrestricted Net Assets for all governmental activities represents the accumulated results of all past years' operations. It means that, if the District had to pay off all bills today, including all of the District's non-capital liabilities (Compensated Absences), and sell all of its assets at net book value, the District would have \$2,947,988 left.

The 2010-11 budget was adopted on April 21, 2010 by the County Freeholders based in part on the State Education Aid the District anticipated receiving. Any future increases in State aid based on the State School Financing Reform Act will be based on the County Wealth based calculation and the minimum tax levy. Predicting future State Aid will be dependent upon this new State formula-driven funding initiative.

The District anticipates an increase in enrollment for the 2011-12 fiscal year but, due to the elective nature of its programs, the District cannot accurately forecast future enrollment.

If the District were to experience a significant increase in enrollment with no appreciable increase in the County Tax Levy for future budgets, the District will be faced with the following alternatives: (a) reduce programs and services; (b) propose a Tuition Plan for the sending school districts; or (c) increase Tuition and other related fees for adult students.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Dr. Kimberly J. Schneider, Superintendent at the Board of Education Area Vocational-Technical Schools of Mercer County, 1085 Old Trenton Road, Trenton, New Jersey 08690. Also, please visit our website to learn more about our District at www.MCTS.EDU.

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 as of and for the year ended June 30, 2011.

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2011

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 1,259,830
Accounts Receivable	594,097
Restricted Assets:	
Cash and Cash Equivalents	1,556,954
Capital Assets, Non-Depreciable	34,375
Capital Assets, Depreciable, Net	9,324,190
Total Assets	<u>12,769,446</u>
Liabilities	
Accounts Payable	23,323
Intergovernmental Accounts Payable-Federal	396
Unearned Revenue	37,824
Noncurrent Liabilities:	
Due Within One Year	25,000
Due Beyond One Year	376,350
Total Liabilities	<u>462,893</u>
Net Assets	
Invested in Capital Assets	9,358,565
Restricted For:	
Other Purposes	2,422,154
Unrestricted	525,834
Total Net Assets	<u><u>\$ 12,306,553</u></u>

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
		Charges For Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 2,718,487			\$ (2,718,487)
Special Education	1,302,667		\$ 227,211	(1,075,456)
Support Services:				
Student and Instruction Related Services	1,024,692		266,432	(758,260)
General Administrative Services	521,291			(521,291)
School Administrative Services	795,035			(795,035)
Central Administrative Services	282,664			(282,664)
Administrative Information Technology	321,786			(321,786)
Plant Operations and Maintenance	1,877,929			(1,877,929)
Pupil Transportation	13,442			(13,442)
Special Schools	4,103,164	\$ 3,094,121		(1,009,043)
Total Primary Government	\$ 12,961,157	\$ 3,094,121	\$ 493,643	(9,373,393)
General Revenues:				
				6,134,097
County Appropriation/Taxes				2,603,150
State and Federal Sources				4,991
Interest on Investments				563,153
Miscellaneous				9,305,391
Total General Revenues				(68,002)
Changes in Net Assets				
				12,374,555
Net Assets - Beginning				\$ 12,306,553
Net Assets - Ending				

Fund Financial Statements

Governmental Funds

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2011

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
Assets				
Cash and Cash Equivalents	\$ 1,259,830			\$ 1,259,830
Interfund Receivable	72,718			72,718
Accounts Receivable:				
State	11,006	\$ 5,289		16,295
Federal		33,437		33,437
Other	530,365	14,000		544,365
Restricted Cash and Cash Equivalents	1,556,954			1,556,954
Total Assets	\$ 3,430,873	\$ 52,726	\$ -	\$ 3,483,599
Liabilities and Fund Balances				
Liabilities:				
Interfund Payable		\$ 38,343	\$ 34,375	\$ 72,718
Accounts Payable	\$ 15,391	7,932		23,323
Intergovernmental Accounts Payable:				
Federal		396		396
Deferred Revenue	31,769	6,055		37,824
Total Liabilities	47,160	52,726	34,375	134,261
Fund Balances:				
Restricted for:				
Reserved - Excess Surplus	135,961			135,961
Reserved - Excess Surplus - Designated for Subsequent Year's Expenditures	729,239			729,239
Capital Reserve	1,556,954			1,556,954
Assigned to:				
Designated for Subsequent Years' Expenditures	266,626			266,626
Other Purposes	184,060			184,060
Unassigned	510,873		(34,375)	476,498
Total Fund Balances	3,383,713		(34,375)	3,349,338
Total Liabilities and Fund Balances	\$ 3,430,873	\$ 52,726	\$ -	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$24,648,382 and the accumulated depreciation is \$15,289,817 (See Note 4).

9,358,565

Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 5).

(401,350)

Net Assets of Governmental Activities

\$ 12,306,553

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year ended June 30, 2011

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
Revenues:				
Local Sources:				
County Appropriation/Tax Levy	\$ 6,134,097			\$ 6,134,097
Tuition - LEA's	2,326,258			2,326,258
Other Tuition	672,823			672,823
Interest	4,991			4,991
Non-Resident Fees	95,040			95,040
Miscellaneous	563,153	\$ 15,918		579,071
Total - Local Sources	9,796,362	15,918		9,812,280
State Sources	2,603,150	31,331		2,634,481
Federal Sources		446,394		446,394
Total Revenues	12,399,512	493,643		12,893,155
Expenditures:				
Current:				
Regular Vocational - Instruction	1,859,400	227,211		2,086,611
Special Vocational - Instruction	952,951			952,951
Support Services and Undistributed Costs:				
Student and Instruction Related Services	648,138	115,701		763,839
General Administration	404,000			404,000
School Administration	570,982			570,982
Central Services	205,250			205,250
Administrative Information Technology	263,260			263,260
Plant Operations and Maintenance	1,550,228			1,550,228
Pupil Transportation	12,730			12,730
Unallocated Benefits	1,743,468			1,743,468
On-behalf TPAF FICA and Pension	437,911			437,911
Capital Outlay	271,494	150,731	\$ 34,375	456,600
Special Schools	3,549,569			3,549,569
Total Expenditures	12,469,381	493,643	34,375	12,997,399
Net Change in Fund Balances	(69,869)	-	(34,375)	(104,244)
Fund Balance, July 1	3,453,582	-	-	3,453,582
Fund Balance (Deficit), June 30	\$ 3,383,713	\$ -	\$ (34,375)	\$ 3,349,338

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

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2011

Total Net Change in Fund Balances - Governmental Funds (B-2)	\$	(104,244)
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Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital additions for capital assets are reported in governmental funds as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital additions in the current fiscal year.

Depreciation Expense	\$	(578,512)	
Capital Additions		<u>438,851</u>	
			(139,661)

Repayment of the unfunded pension liability is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities		85,538
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In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is recorded when due. The decrease in accrued interest from the prior year is an addition to the reconciliation.		1,764
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In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) 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 a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		<u>88,601</u>
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Change in Net Assets of Governmental Activities (A-2)	\$	<u><u>(68,002)</u></u>
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Fiduciary Funds

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2011

	Private-Purpose Scholarship Trust Fund	Unemployment Compensation Trust Fund	Agency Fund
Assets			
Cash and Cash Equivalents	\$ 10,311	\$ 10,563	\$ 47,308
Total Assets	<u>10,311</u>	<u>10,563</u>	<u>\$ 47,308</u>
Liabilities			
Accounts Payable		6,910	
Payroll Deductions and Withholdings			\$ 18,720
Due to Student Groups			28,588
Total Liabilities		<u>6,910</u>	<u>\$ 47,308</u>
Net Assets			
Held in Trust for Unemployment Claims		<u>\$ 3,653</u>	
Held in Trust for Scholarships	<u>\$ 10,311</u>		

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year ended June 30, 2011

	Private-Purpose Scholarship Trust Fund	Unemployment Compensation Trust Fund
Additions		
Interest Income	\$ 18	\$ 27
Employee Contributions		35,296
Board Contributions		33,600
Other Contributions	3,807	
Total Additions	<u>3,825</u>	<u>68,923</u>
Deductions		
Scholarship payments	4,660	
Unemployment Compensation		78,136
Total Deductions	<u>4,660</u>	<u>78,136</u>
Change in Net Assets	(835)	(9,213)
Net Assets - Beginning of Year	11,146	12,866
Net Assets - End of Year	<u>\$ 10,311</u>	<u>\$ 3,653</u>

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies

The financial statements of the Area Vocational-Technical Schools of Mercer County School District (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 a Type I school district located in Mercer County, New Jersey. 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. The Board is comprised of four members appointed to three year terms by the Mercer County Board of Chosen Freeholders, as well as, the Executive County Superintendent of Schools (statutory member). The operations of the District include two Vocational-Technical Schools and an Adult Health Career Center. The District is also the Local Educational Authority for an Alternative Education Program located in the Township of Ewing. There are no additional entities required to be included in the reporting entity under the criteria described here.

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 Area Vocational-Technical Schools of Mercer County School District in Hamilton, New Jersey. The District receives funding from county, state, and federal government sources and must comply with the requirements of these funding source entities. The District is a component unit of Mercer County, however, the County reports its financial statements on a regulatory-basis of accounting which does not recognize or report component units.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

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 Standards.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District.

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, county appropriations and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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. 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.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

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. For this purpose, the District considers all revenues, to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

County taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

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 non-instructional equipment, which are classified in the capital outlay subfund.

Special Revenue Fund: The District maintains one special revenue fund which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

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

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds of the District include the Student Activities Agency Fund, Payroll Agency Fund, the Unemployment Compensation Trust Fund and Private Purpose Scholarship Trust Fund. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the School District.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Trust Funds: The unemployment compensation and private purpose scholarship trust funds are accounted for using the economic resources measurement focus. The unemployment compensation fund is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private purpose scholarship trust fund is utilized to provide scholarships to students and to account for the related transactions.

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The District reports unearned/deferred revenue on its statement of net assets and balance sheet. Unearned/deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned/deferred 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/deferred revenue is removed from the statement of net assets and balance sheet and revenue is recognized.

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a County is required to remit to the school district the entire balance of taxes. 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.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

The County Board of Taxation is responsible for the assessment of properties. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

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 and are approved by the Board of School Estimates. Budgets are prepared using the modified accrual basis of accounting, except the Special Revenue Fund. 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. All budget amendments / transfers must be approved by Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally-authorized revisions of the annual budgets during the year). The overexpenditures 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 overexpenditures.

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 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 and Cash Equivalents

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

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

F. Tuition Receivable / Payable

Tuition charges were established by the District based on estimated costs. The charges are subject to adjustment when the final costs are determined. These adjustments are recorded upon certification by the State Department of Education, which is usually one to two years following the contract year. The cumulative adjustments through June 30, 2011 which have not been recorded, are not determinable.

G. 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.

H. Capital Assets

Capital assets, which include construction in progress, buildings and improvements and machinery and equipment, are reported in the applicable governmental 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 estimated fair market value on the date of donation.

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.

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

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

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

I. Compensated Absences

A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies and collective bargaining agreements. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service. Upon retirement, employees are paid by the District for the unused sick time in accordance with the District’s agreements with the various employee unions. Under terms of association agreements, employees earn vacation and sick leave in amounts varying with tenure and classification by the District for the unused sick leave in accordance with Districts agreements with the various employee unions.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments. As of June 30, 2011, a liability existed for compensated absences in the government-wide financial statements in the amount of \$401,350.

J. Deferred Revenue

Deferred revenue in the general fund represents cash receipts received from tuition for future classes that have been received in advance. Deferred revenue in the special revenue fund represents cash which has been received but not yet earned and outstanding encumbrances.

K. Long-Term Obligations

Bonds are issued by the County pursuant to the provisions of Title 18A of the State of New Jersey Statutes and are required to be approved by the Mercer County Board of School Estimates. Type I School Bonds are issued by the County of Mercer and the proceeds are recorded in the records of the County. All debt service requirements for Type I School Bonds are provided for in the annual budgets of the County. All bonds are retired in serial instruments within the statutory period of usefulness.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

L. Fund Equity

In February 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). GASB 54 is effective for periods beginning after June 15, 2010 and establishes 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 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 determined by a formal action of the government's highest level of decision-making authority.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
- 5) Unassigned – includes all spendable amounts not contained in the other classifications.

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 \$3,383,713 of fund balance in the General Fund, \$184,060 of encumbrances is assigned to other purposes, \$1,556,954 has been restricted in the capital reserve account, \$135,961 has been restricted for excess surplus – current year, \$729,239 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$266,626 has been classified as assigned fund balance designated for subsequent year expenditures, and the remaining \$510,873 is classified as unassigned.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

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 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 fund balance at June 30, 2011 was \$135,961, which will be utilized in the 2012-13 budget.

N. Net Assets

Net assets represent the difference between assets and liabilities in the government-wide financial statements. Net assets invested in capital assets, consists of capital assets, net of accumulated depreciation. Net assets 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 post-retirement pension and medical 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. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications had no impact on the net assets or fund balances. The government-wide reclassifications occurred between various expense lines in the expense column of the Statement of Activities.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

R. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2011 through December 5, 2011, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure other than as follows:

On May 19, 2011, the District approved a resolution to undertake an Energy Savings Improvement Plan in order to acquire and install several energy conservation measures and solar energy panels at the District's Assunpink Center Vocational School, the Sypek Center Vocational School and the Health Careers Center locations. On July 15, 2011, the District entered into a 15 year \$11,200,000 lease with PNC Equipment Lease Finance, LLC at an interest rate of 3.85%.

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including the compensated absences in the amount of \$401,350 are not due and payable in the current period and therefore are not reported in the funds.

3. Deposits and Investments

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

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.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

3. Deposits and Investments (continued)

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

Deposits

New Jersey statutes and GUDPA 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 (NJCMF), New Jersey Arbitrage Rebate Management Fund (NJARM) and M.B.I.A. Class.

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 accounts are held in the District's name by commercial banking institutions. At June 30, 2011, the District's carrying amount of deposits was \$2,117,433 and the bank balance was \$2,202,349. Of the bank balance, \$279,008 of the District's cash deposits on June 30, 2011 were secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the remaining bank balance of \$1,923,341.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

3. Deposits and Investments (continued)

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.

Custodial Credit Risk-Deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits, in the form of certificates of deposit, money market accounts and checking accounts, may not be returned to it. The District does not have a deposit policy for custodial credit risk.

Investments

New Jersey statutes permit the Board to purchase the following types of investments:

- 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 (NJCMF), New Jersey Arbitrage Rebate Management Fund (NJARM) and M.B.I.A. Class.
- d. New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Management Fund and MBIA CLASS.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

3. Deposits and Investments (continued)

New Jersey Cash Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund (“NJCMF”) as its sole investment. The NJCMF is administered by the State of New Jersey, Department of the Treasury and issues a separate report that can be obtained directly from the Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The fair value of the District’s portion in the pool is the same as the fair value of the pool shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2011, the District’s balance was \$767,533 and is classified as cash equivalents due to its short-term nature.

All investments in the Fund are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

Custodial Credit Risk: The District does not have any investments that are exposed to custodial credit risk and does not have a policy for custodial credit risk.

Credit Risk: The District does not have any investments exposed to credit risk and does not have an investment policy regarding the management of credit risk.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer and does not have a policy for limiting the concentration of investments. At June 30, 2011, the District’s investments were invested in the NJCMF.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District’s investments, the NJCMF, are less than one year.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2011:

	Beginning Balance	Increases	Ending Balance
Governmental Activities:			
Capital Assets, Not Being Depreciated:			
Construction in Progress		\$ 34,375	\$ 34,375
Total Capital Assets, Not Being Depreciated:		34,375	34,375
Capital Assets, Being Depreciated:			
Buildings & Building Improvements	\$ 21,736,803	216,301	21,953,104
Machinery and Equipment	2,472,728	188,175	2,660,903
Total Capital Assets, Being Depreciated	24,209,531	404,476	24,614,007
Less accumulated depreciation for:			
Buildings & building improvements	(13,147,493)	(430,729)	(13,578,222)
Machinery and equipment	(1,563,812)	(147,783)	(1,711,595)
Total accumulated depreciation	(14,711,305)	(578,512)	(15,289,817)
Total capital assets, being depreciated, net	9,498,226	(174,036)	9,324,190
Governmental activities capital assets, net	\$ 9,498,226	\$ (139,661)	\$ 9,358,565

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

Regular Instruction	\$ 116,525
Special Education Instruction	53,217
Student and Instruction Related Services	42,656
General Administrative Services	22,561
School Administrative Services	31,886
Central Services	11,462
Administrative Information Technology	14,702
Plant operations and maintenance	86,571
Pupil Transportation	711
Special Schools	198,221
	\$ 578,512

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

5. Long-Term Liabilities

During the year ended June 30, 2011, the following changes occurred in governmental activities long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences Payable	\$ 489,951	\$ 48,820	\$ 137,421	\$ 401,350	\$ 25,000
Unfunded Pension Liability	85,538		85,538		
Governmental Activities long-term liabilities	<u>\$ 575,489</u>	<u>\$ 48,820</u>	<u>\$ 222,959</u>	<u>\$ 401,350</u>	<u>\$ 25,000</u>

The District expects to liquidate the compensated absences with payments made from the District's general fund.

As of June 30, 2011, the District had no bonds payable and no authorized but not issued bonds or notes.

6. Energy Savings Improvement Plan

On May 19, 2011, the Board approved a resolution to finance energy conservation measures and a solar project pursuant to an Energy Savings Improvement Plan ("ESIP") for an amount not to exceed \$11,200,000. A lease with PNC Equipment Finance, LLC was consummated on July 15, 2011 in the amount of \$11,200,000 with the first rental payment due on July 15, 2012.

7. 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 plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

7. Pension Plans (continued)

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage.

Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Early retirement is available for these systems to those employees under age 55 participating in TPAF or PERS with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement public agency, provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service.

Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available for these systems to those employees under age 55 participating in TPAF or PERS with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The 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.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

7. Pension Plans (continued)

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. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2011, the State of New Jersey contributed \$217,040 to the TPAF for on-behalf medical and 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 \$220,871 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2011, 2010 and 2009 were \$251,304, \$215,790 and \$197,525 respectively.

8. Post-Retirement Benefits

Plan Description

The District contributes to the New Jersey State Health Benefits Program ("SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

8. Post-Retirement Benefits (continued)

Funding Policy

P.L. 1987, Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2011, 2010 and 2009 were \$207,281, \$205,354 and \$191,568, respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

9. 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.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

9. Risk Management (continued)

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverage over the past three years.

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.

The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the past three years:

Fiscal Year	Board Contributions	Employee Contributions	Interest on Investments	Amount Paid	Ending Balance
2010-11	\$ 33,600	\$ 35,296	\$ 27	\$ 78,136	\$ 3,653
2009-10	-	19,630	48	26,149	12,866
2008-09	-	31,902	58	52,619	19,337

Joint Insurance Pool

The District is a member of the Burlington County Insurance Pool Joint Insurance Fund.

The Fund provides the District with the following coverage:

- Property, Inland Marine and Automobile Physical Damage
- Boiler and Machinery
- Crime
- General and Automobile Liability
- Workers' Compensation
- Educators' Legal Liability
- Pollution Legal Liability

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

9. Risk Management (continued)

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

10. Deferred Compensation

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457(b). The plans, which are administered by Lincoln Investment Planning, Inc. and Met Life, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. Participants' rights under the plan are equal to those of general creditors in an amount equal to the fair market value of the deferred account of each participant. The District has no liability for losses under the plan. Since the District does not hold the assets in a trustee capacity, the related assets are not included in the District's Fiduciary Fund Financial Statements.

11. Interfund Receivables and Payables

The total interfund accounts receivables and payables for the District are as follows at June 30, 2011:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 72,718	
Special Revenue Fund		\$ 38,343
Capital Projects Fund		34,375
	\$ 72,718	\$ 72,718

The general fund interfund receivable is comprised of two interfunds. The interfund with the special revenue fund represents amounts owed to 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 interfund with the capital projects fund represents a loan to eliminate a pooled cash deficit.

All interfunds are expected to be repaid within one year.

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

12. 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.

13. Contingent Liabilities

The District is also involved in 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 District participates in numerous state and federal grant programs, which are governed by the various rules and regulations of the grantor agencies. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing other federal and state grants; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

14. Capital Reserve Account

A capital reserve account was established by the District 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 transfers by a Board resolution at year end (June 1 and June 30) of any unanticipated revenue or unexpended line item appropriation amounts, or both. Pursuant to N.J.A.C. 6A:23A-5.1(d)7, 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, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010	\$ 556,333
Interest Earnings	621
Deposits:	
Approved in June 2011 Board Resolution	1,250,000
Withdrawals approved in 2010-2011 budget	(250,000)
Ending balance, June 30, 2011	<u>\$ 1,556,954</u>

Area Vocational-Technical Schools
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

14. Capital Reserve Account (continued)

At June 30, 2011, the amount deposited in the capital reserve account does not exceed the District's local share reported in its Long-Range Facility Plan.

15. Commitments

The District has contractual commitments at June 30, 2011 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$184,060.

16. Deficit Fund Balance

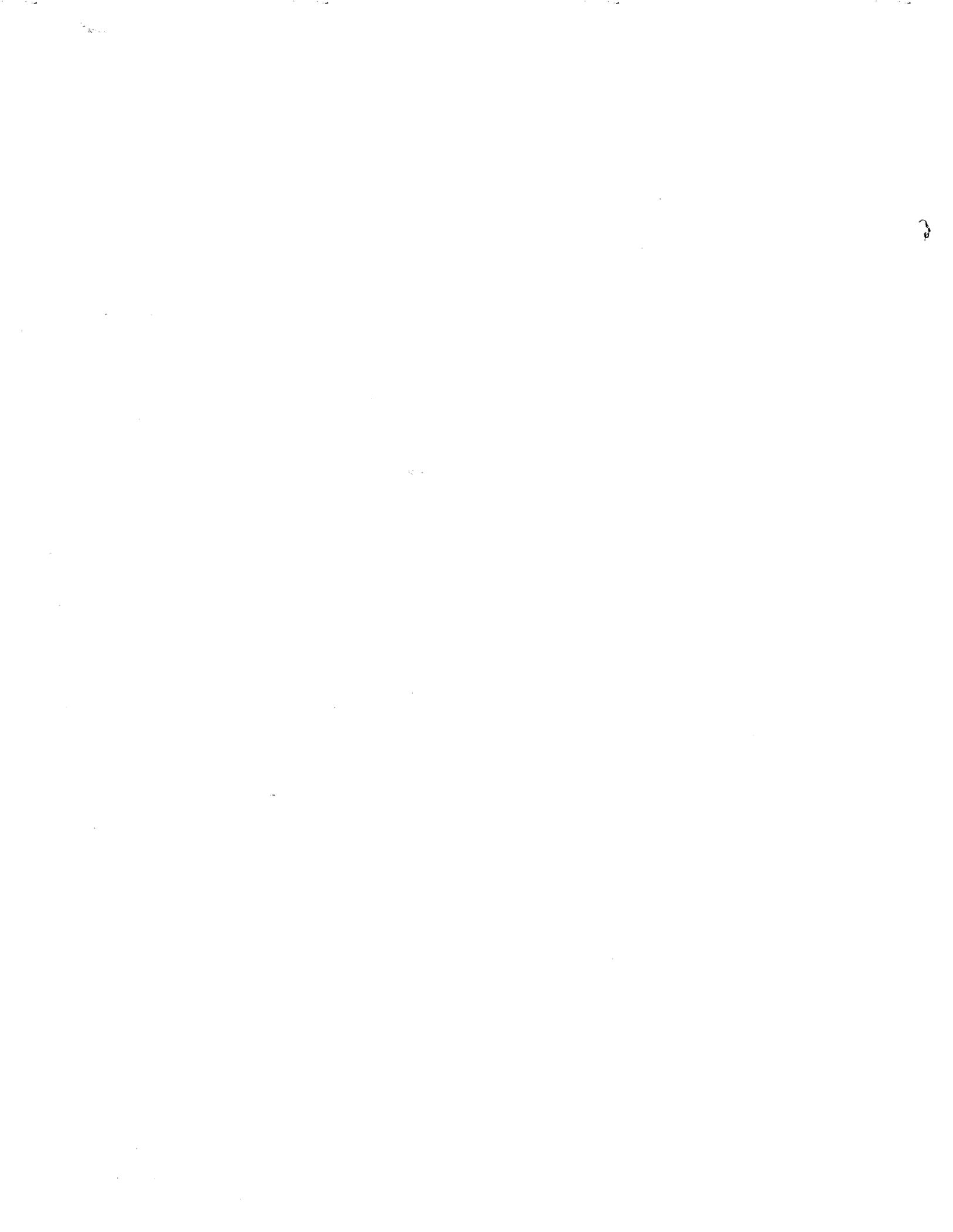
The District has a deficit fund balance of \$34,375 in the Capital Projects Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). The Board of School Estimate authorized a lease on May 19, 2011. The District entered into the lease to provide the funds for the Energy Savings Improvement Program project, as described in Note 6. The lease was approved on July 15, 2011 and was not considered revenue or other financing sources in 2011. The District incurred authorized expenditures in 2011 without offsetting revenue, which resulted in the deficit. The deficit is permissible and was liquidated upon the commencement of the lease purchase subsequent to June 30, 2011.

17. Restricted Assets

The District has \$1,556,954 of capital reserve funds that are classified as restricted assets on the statement of net assets because they are restricted by the New Jersey Department of Education to be utilized for future capital projects that have been approved in the District's Long-Range Facility Plan and emergencies.

Required Supplementary Information – Part II

Budgetary Comparison Schedules



AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
(BUDGETARY BASIS)

Year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES:					
Local Sources:					
County Appropriation / Tax Levy	\$ 6,134,097		\$ 6,134,097	\$ 6,134,097	
Tuition From LEA's	3,232,740	\$ (441,250)	2,791,490	2,326,258	\$ (465,232)
Other Tuition	39,000	566,250	605,250	672,823	67,573
Non-Resident Fees	88,000		88,000	95,040	7,040
Interest Earned				4,370	4,370
Interest Earned on Capital Reserve Funds	400	(400)		621	621
Unrestricted Miscellaneous Revenues	726,910	(124,600)	602,310	563,153	(39,157)
Total Local Sources	10,221,147	-	10,221,147	9,796,362	(424,785)
State Sources:					
Special Education Aid	154,802	45,891	200,693	200,693	
Equalization Aid	1,955,823	(45,891)	1,909,932	1,909,932	
Other State Aids				52	52
On-Behalf TPAF Pension Contributions (Non-Budgeted)				217,040	217,040
Reimbursed TPAF Social Security (Non-Budgeted)				220,871	220,871
Total State Sources	2,110,625	-	2,110,625	2,548,588	437,963
Total Revenues	12,331,772	-	12,331,772	12,344,950	13,178
EXPENDITURES:					
Current Expense:					
Instruction:					
Regular Vocational Programs:					
Salaries of Teachers	1,518,117	(31,974)	1,486,143	1,464,230	21,913
Purchased Professional Educational Services	80,000	39,140	119,140	119,140	
Purchased Technical Services	12,730	6,163	18,893	18,734	159
Other Purchased Services	13,350	13,145	26,495	22,464	4,031
General Supplies	200,950	(15,448)	185,502	178,125	7,377
Textbooks	53,750	4,245	57,995	48,341	9,654
Other Objects	7,650	2,173	9,823	8,366	1,457
Total Regular Vocational Programs - Instruction	1,886,547	17,444	1,903,991	1,859,400	44,591
Special Vocational Programs:					
Salaries of Teachers	624,710	(9,000)	615,710	582,367	33,343
Other Salaries for Instruction	250,791	9,000	259,791	256,423	3,368
Purchased Technical Services	5,150	258	5,408	4,624	784
Other Purchased Services	2,900	(800)	2,100	674	1,426
General Supplies	108,900	(4,641)	104,259	95,871	8,388
Textbooks	5,950	3,078	9,028	8,407	621
Other Objects	6,250	(1,665)	4,585	4,585	
Total Special Vocational Programs	1,004,651	(3,770)	1,000,881	952,951	47,930
Total Instruction	2,891,198	13,674	2,904,872	2,812,351	92,521
Undistributed Expenditures:					
Attendance and Social Work Services					
Salaries	14,103		14,103	14,076	27
Total Attendance and Social Work Services	14,103		14,103	14,076	27
Health Services:					
Salaries	121,190		121,190	110,264	10,926
Purchased Professional and Technical Services	6,500		6,500	6,492	8
Supplies and Materials	2,400		2,400	2,400	
Total Health Services	130,090		130,090	119,156	10,934
Guidance:					
Salaries Other Prof. Staff	305,403	(2,540)	302,863	302,859	4
Other Salaries	15,000	(1,534)	13,466	13,373	93
Other Purchased Services	10,850	5,424	16,274	13,136	3,138
Supplies and Materials	12,300	1,240	13,540	10,249	3,291
Other Objects	550	410	960	706	254
Total Guidance	344,103	3,000	347,103	340,323	6,780

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
(BUDGETARY BASIS)

Year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES:					
Undistributed Expenditures (continued):					
Imp. of Instruct. Serv./Other Supp. Serv. - Instruct. Staff:					
Salaries of Supervisors of Instruction	\$ 101,500	\$ (11,023)	\$ 90,477	\$ 90,476	\$ 1
Salaries of Other Professional Staff	25,000	(1,143)	23,857		23,857
Salaries of Secretarial and Clerical Assistants	56,278		56,278	56,278	
Total Imp. of Instruct. Serv./Other Supp. Serv. - Instruct. Staff	182,778	(12,166)	170,612	146,754	23,858
Instructional Staff Training Services:					
Salaries Superv. of Instruction	22,532		22,532	22,529	3
Salaries Other Professional Staff	3,600	(1,043)	2,558	1,293	1,265
Purchased Professional Educational Services	1,000		1,000	877	123
Other Purchased Services	7,000		7,000	2,765	4,235
Supplies and Materials	1,000		1,000	365	635
Total Instructional Staff Training Services	35,132	(1,043)	34,090	27,829	6,261
Support Services - General Administration:					
Salaries	263,644	1,773	265,417	265,393	24
Legal Services	47,250	2,257	49,507	44,550	4,957
Audit Fees	20,000	(2,680)	17,320	15,950	1,370
Other Purchased Professional Services	9,000	(731)	8,269	6,581	1,688
Communications/Telephone	25,900		25,900	22,163	3,737
BOE Other Purchased Professional Services	2,000		2,000		2,000
Other Purchased Services	25,250	5,125	30,375	26,298	4,077
General Supplies	10,000	(125)	9,875	9,875	
BOE Membership Dues and Fees	20,000	(5,000)	15,000	13,190	1,810
Total Support Services - General Administration	423,044	619	423,663	404,000	19,663
Support Services - School Administration:					
Salaries Principals / Assistant Principals	221,613	2,735	224,348	224,346	2
Salaries Secretarial and Clerical Assistants	322,607	(5,442)	317,165	317,149	16
Purchased Professional and Technical Services	800		800	800	
Other Purchased Services	15,590	3,262	18,852	16,196	2,656
Supplies and Materials	11,000	(1,011)	9,989	8,957	1,032
Other Objects	3,000	600	3,600	3,534	66
Total Support Services - School Administration	574,610	144	574,754	570,982	3,772
Support Services - Central Services:					
Salaries	201,000	(10,000)	191,000	184,769	6,231
Miscellaneous Purchased Services	20,500	9,740	30,240	16,732	13,508
Supplies and Materials	3,000	260	3,260	3,255	5
Other Objects	500		500	494	6
Total Support Services - Central Services	225,000	-	225,000	205,250	19,750
Support Services - Admin. Info. Tech. Services:					
Salaries	127,103	(2,650)	124,453	122,780	1,673
Purchased Technical Services	100,700	(8,310)	92,390	88,532	3,858
Other Purchased Services	3,000	750	3,750	3,682	68
Supplies and Materials	34,091		34,091	34,059	32
Other Objects	10,000	4,210	14,210	14,207	3
Total Support Services - Admin. Info. Tech. Services	274,894	(6,000)	268,894	263,260	5,634
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	78,080		78,080	70,514	7,566
Total Required Maintenance for School Facilities	78,080		78,080	70,514	7,566
Other Operational & Maint. of Plant:					
Salaries	665,406	(18,920)	646,486	625,811	20,675
Cleaning, Repair and Maintenance Services	44,000	6,000	50,000	34,106	15,894
Rental of Land & Bldgs Other Than Land	300,000		300,000	300,000	
Other Purchased Property Services	66,000	7,085	73,085	27,028	46,057
Insurance	118,300		118,300	102,880	15,420
General Supplies	50,000	1,150	51,150	40,284	10,866
Energy (Natural Gas)	206,255	(13,085)	193,170	133,281	59,889
Energy (Electricity)	236,600	40,000	276,600	214,324	62,276
Other Objects	1,500	500	2,000	2,000	
Total Other Oper. & Maint. of Plant:	1,688,061	22,730	1,710,791	1,479,714	231,077

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
GENERAL FUND

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BUDGETARY COMPARISON SCHEDULE
(BUDGETARY BASIS)

Year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES:					
Undistributed Expenditures (continued):					
Student Transportation Services:					
Contracted Services (Other Than Bet. Home & School) - Vendors	\$ 26,907		\$ 26,907	\$ 12,730	\$ 14,177
Total Student Transportation Services	26,907		26,907	12,730	14,177
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	155,409	\$ 12,054	167,463	167,463	
TPAF Contributions - ERIP	81,540		81,540	81,540	
Other Retirement Contributions - PERS	226,050	38,310	264,360	264,360	
Other Retirement Contributions - ERIP	35,028		35,028	24,910	10,118
Unemployment Compensation	33,600		33,600	33,600	
Worker's Compensation	120,000	(5,708)	114,292	87,915	26,377
Health Benefits	1,141,816	(30,964)	1,110,852	1,033,537	77,315
Tuition Reimbursement	3,600	1,793	5,393	5,393	
Other Employee Benefits	60,600	(15,485)	45,115	44,750	365
Total Unallocated Benefits - Employee Benefits	1,857,643	-	1,857,643	1,743,468	114,175
On-Behalf Payments:					
On-Behalf TPAF Pension Contributions				217,040	(217,040)
Reimbursed TPAF Social Security				220,871	(220,871)
Total On-Behalf Contributions				437,911	(437,911)
Total Undistributed Expenditures	5,854,445	7,285	5,861,730	5,835,967	25,763
Total Expenditures - Current Expense	8,745,643	20,959	8,766,602	8,648,318	118,284
CAPITAL OUTLAY					
Interest Deposit To Capital Reserve	400	(400)			
Total Interest Deposit To Capital Reserve	400	(400)			
Equipment:					
Special Education - Instruction	5,000	(5,000)			
Regular Vocational Programs	38,125		38,125		38,125
Undistributed Expnses - Support Services - Related Extraordinary	2,000	(1,000)	1,000		1,000
Undistributed Expnses - Custodial Services	5,000	(5,000)			
Undistributed Expnses - Central Services	5,000	3,147	8,147	5,804	2,343
Special Schools All Purposes - Student Transportation		50,033	50,033	40,110	9,923
Total Equipment	55,125	42,180	97,305	45,914	51,391
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	25,000	(6,801)	18,199	10,714	7,485
Construction Services	270,000	1,488	271,488	214,866	56,622
Total Facilities Acquisition and Construction Services	295,000	(5,313)	289,687	225,580	64,107
Total Expenditures - Capital Outlay	350,525	36,467	386,992	271,494	115,498
SPECIAL SCHOOLS					
Post-Secondary Programs - Instruction					
Salaries of Teachers	460,390		460,390	395,245	65,145
Purchased Prof.-Tech Services	17,400		17,400	12,791	4,609
Other Purchased Services	9,100		9,100	6,702	2,398
General Supplies	35,800		35,800	27,038	8,762
Textbooks	14,500		14,500	10,387	4,113
Other Objects	2,200		2,200	861	1,339
Total Post-Secondary Programs - Instruction	539,390		539,390	453,024	86,366
Post-Secondary Programs - Support Services					
Salaries	281,575		281,575	258,291	23,284
Personal Services-Employee Benefits	171,808		171,808	164,191	7,617
Other Purchased Services	49,700	14	49,714	28,291	21,423
Supplies and Materials	77,750	(14)	77,736	49,002	28,734
Other Objects	6,300		6,300	2,000	4,300
Total Post-Secondary Programs - Support Services	587,133	-	587,133	501,775	85,358
Total Post Secondary Programs	1,126,523	-	1,126,523	954,799	171,724

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
(BUDGETARY BASIS)

Year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
SPECIAL SCHOOLS (CONTINUED)					
Other Special Schools					
Purchased prof. & tech. services	\$ 2,791,490		\$ 2,791,490	\$ 2,028,503	\$ 762,987
Total Other Schools	2,791,490		2,791,490	2,028,503	762,987
Vocational evening - local - Instruction					
Salaries of Teachers	195,180	\$ (1,351)	193,829	147,712	46,117
Other Salaries for Instruction	44,390	1,351	45,741	45,740	1
Purchased Professional and Technical Services	3,000	5,507	8,507	7,326	1,181
General Supplies	17,550	(3,607)	13,943	12,079	1,864
Textbooks	43,300		43,300	23,247	20,053
Other Objects	200		200		200
Total Vocational Evening Local Instruction	303,620	1,900	305,520	236,104	69,416
Vocational Evening - Local - Support Services					
Salaries	176,085	17,020	193,105	156,213	36,892
Personal services - Employee Benefits	82,321		82,321	32,648	49,673
Other Purchased Services		13,000	13,000	11,001	1,999
Other purchased services	34,800	(13,000)	21,800	18,754	3,046
Supplies and materials	178,220	(34,000)	144,220	109,336	34,884
Other objects	3,000		3,000	2,211	789
Total Vocational Evening - Local - Support Services	474,426	(16,980)	457,446	330,163	127,283
Total Vocational Evening - Local	778,046	(15,080)	762,966	566,267	196,699
Total Special Schools Expenditures	4,696,059	(15,080)	4,680,979	3,549,569	1,131,410
Total Expenditures	13,792,227	42,346	13,834,573	12,469,381	1,365,192
(Deficiency)/Excess of Revenues (Under)/Over Expenditures	(1,460,455)	(42,346)	(1,502,801)	(124,431)	1,378,370
Fund Balances, July 1	3,719,211		3,719,211	3,719,211	
Fund Balances, June 30	\$ 2,258,756	\$ (42,346)	\$ 2,216,410	\$ 3,594,780	\$ 1,378,370
Recapitulation of (deficiency) excess of revenues (under) over expenditures					
Budgeted fund balance	\$ (1,159,639)		\$ (1,159,639)	\$ 218,731	\$ 1,378,370
Budgeted withdrawal from capital reserve	(250,000)		(250,000)	(250,000)	
Budgeted withdrawal from maintenance reserve	(50,816)		(50,816)	(50,816)	
Adjustment for prior year encumbrances		\$ (42,346)	(42,346)	(42,346)	
Total	\$ (1,460,455)	\$ (42,346)	\$ (1,502,801)	\$ (124,431)	\$ 1,378,370
Recapitulation of fund balance:					
Restricted Fund Balance:					
Reserved - Excess Surplus Designated for Subsequent Year's Expenditures				\$ 729,239	
Reserved - Excess Surplus				135,961	
Capital Reserve				1,556,954	
Assigned to:					
Designated for Subsequent Year's Expenditures				266,626	
Year End Encumbrances				184,060	
Unassigned Fund Balance				721,940	
				<u>3,594,780</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP Basis				(211,067)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,383,713</u>	

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS

SPECIAL REVENUE FUND

Year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Revenues:					
State Sources	\$ 26,000	\$ 13,333	\$ 39,333	\$ 31,331	\$ 8,002
Federal Sources	260,000	208,385	468,385	435,426	32,959
Local Sources		37,103	37,103	15,918	21,185
Total Revenues	286,000	258,821	544,821	482,675	62,146
Expenditures:					
Instruction:					
Salaries of Teachers	25,000	80,449	105,449	89,175	16,274
Purchased Professional-Technical Services		6,195	6,195	6,195	
Other Purchased Services		1,115	1,115	1,115	
Supplies & Materials		137,560	137,560	130,726	6,834
Total Instruction	25,000	225,319	250,319	227,211	23,108
Support Services:					
Salaries	76,000	(52,555)	23,445	16,605	6,840
Personal Services - Employee Benefits		22,909	22,909	16,379	6,530
Purchased Professional - Technical Services		36,547	36,547	34,042	2,505
Other Purchased Services		7,685	7,685	6,615	1,070
Travel		8,292	8,292	3,680	4,612
Supplies & Materials	30,000	(7,698)	22,302	19,630	2,672
Miscellaneous Expenditures		33,170	33,170	18,750	14,420
Total Support Services	106,000	48,350	154,350	115,701	38,649
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Instructional Equipment	155,000	(14,848)	140,152	139,763	389
Total Facilities Acquisition and Construction Services	155,000	(14,848)	140,152	139,763	389
Total Expenditures	286,000	258,821	544,821	482,675	62,146
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGET-TO-GAAP RECONCILIATION

Year ended June 30, 2011

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

	General Fund	Special Revenue Fund
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules (C-2)	\$ 12,344,950	\$ 482,675
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior-Year Encumbrances		10,968
State aid payments recognized for GAAP purposes in the current year, previously recognized for budgetary purposes.	265,629	
State aid payments recognized for budgetary purposes, not recognized for GAAP purposes until the subsequent year.	(211,067)	
	<u>\$ 12,399,512</u>	<u>\$ 493,643</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)		
	<u>\$ 12,399,512</u>	<u>\$ 493,643</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule (C-2)	\$ 12,469,381	\$ 482,675
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior-Year Encumbrances		10,968
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)		
	<u>\$ 12,469,381</u>	<u>\$ 493,643</u>

Other Supplementary Information

Special Revenue Fund

AREA VOCATIONAL-TECHNICAL SCHOOLS OF MERCER COUNTY SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

Year Ended June 30, 2011

	Carl D. Perkins Current	Title I Part A Current	Title II Part A Current	I.D.E.I.A. Part B Basic Current	HCIP	Custom LPN	CRCST
REVENUES:							
State Sources							
Federal Sources	\$ 288,689	\$ 39,064	\$ 8,937	\$ 46,046	\$ 18,018	\$ 19,072	\$ 1,050
Other Sources							
Total Revenues	<u>\$ 288,689</u>	<u>\$ 39,064</u>	<u>\$ 8,937</u>	<u>\$ 46,046</u>	<u>\$ 18,018</u>	<u>\$ 19,072</u>	<u>\$ 1,050</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 23,590	\$ 30,677		\$ 1,860	\$ 7,859	\$ 9,737	\$ 975
Purchased Prof.- Educ. Services	5,075			1,120			
Other Purchased Services	1,115						
General Supplies	117,999			8,103	3,000		
Total Instruction	<u>147,779</u>	<u>30,677</u>		<u>11,083</u>	<u>10,859</u>	<u>9,737</u>	<u>975</u>
Support Services:							
Salaries of Other Prof. Staff	600						
Salaries of Principals/ Asst Principals and Supervisors							
Personal Svcs-Employee Benefits	5,738	6,118			600	3,097	75
Purchased Prof.-Ed Services	22,795	1,750	\$ 8,937				
Other Purchased Services				1,275			
Travel		394					
Supplies and Materials				5,702	3,000	4,788	
Misc Expenditures		125			3,559	1,450	
Total Support Services	<u>29,133</u>	<u>8,387</u>	<u>8,937</u>	<u>6,977</u>	<u>7,159</u>	<u>9,335</u>	<u>75</u>
Facilities Acquisition and Construction Services:							
Instructional Equipment	<u>111,777</u>			<u>27,986</u>			
Total Facilities Acquisition and Construction Services	<u>111,777</u>			<u>27,986</u>			
Total Expenditures	<u>\$ 288,689</u>	<u>\$ 39,064</u>	<u>\$ 8,937</u>	<u>\$ 46,046</u>	<u>\$ 18,018</u>	<u>\$ 19,072</u>	<u>\$ 1,050</u>

AREA VOCATIONAL-TECHNICAL SCHOOLS OF MERCER COUNTY SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

Year Ended June 30, 2011

	High Schools That Work	Apprenticeship Coordinator	Gateway Grant	ARRA Weatherization	CVS Grant	Rutgers Grant	Totals
REVENUES:							
State Sources	\$ 12,922	\$ 18,409					\$ 31,331
Federal Sources				\$ 14,550			435,426
Other Sources			\$ 1,618		\$ 14,000	\$ 300	15,918
Total Revenues	<u>\$ 12,922</u>	<u>\$ 18,409</u>	<u>\$ 1,618</u>	<u>\$ 14,550</u>	<u>\$ 14,000</u>	<u>\$ 300</u>	<u>\$ 482,675</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers			\$ 1,618	\$ 11,410	\$ 1,449		\$ 89,175
Purchased Prof.- Educ. Services							6,195
Other Purchased Services							1,115
General Supplies					1,624		130,726
Total Instruction			<u>1,618</u>	<u>11,410</u>	<u>3,073</u>		<u>227,211</u>
Support Services:							
Salaries of Other Prof. Staff							600
Salaries of Principals/ Asst Principals and Supervisors and Supervisors		\$ 16,005					16,005
Personal Svcs-Employee Benefits				640	111		16,379
Purchased Prof.-Ed Services	\$ 560						34,042
Other Purchased Services	4,840	500					6,615
Travel	2,882	404					3,680
Supplies and Materials	4,640	1,500					19,630
Misc Expenditures				2,500	10,816	\$ 300	18,750
Total Support Services	<u>12,922</u>	<u>18,409</u>		<u>3,140</u>	<u>10,927</u>	<u>300</u>	<u>115,701</u>
Facilities Acquisition and Construction Services:							
Instructional Equipment							139,763
Total Facilities Acquisition and Construction Services							<u>139,763</u>
Total Expenditures	<u>\$ 12,922</u>	<u>\$ 18,409</u>	<u>\$ 1,618</u>	<u>\$ 14,550</u>	<u>\$ 14,000</u>	<u>\$ 300</u>	<u>\$ 482,675</u>

Capital Projects Fund Detail Statement

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS)

Year ended June 30, 2011

	<u>Current Year</u>
Expenditures:	
Construction Services	\$ 34,375
Total Expenditures	<u>34,375</u>
Deficiency of Revenues	
Under Expenditures	(34,375)
Fund Balance, July 1	-
Fund Balance (Deficit), June 30	<u>\$ (34,375)</u>
 <u>Reconciliation to Fund Financial statements</u>	
Fund Balance (Deficit), June 30, 2011 - Budgetary - Basis	\$ (34,375)
GAAP Basis Revenues Not Recognized	-
Fund Balance (Deficit), June 30, 2011 - GAAP Basis	<u>\$ (34,375)</u>

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS

(BUDGETARY BASIS)

Energy Savings Improvement Plan

Year ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Lease Proceeds				\$ 11,200,000
Total Revenues	-	-	-	11,200,000
Expenditures and Other Financing Sources:				
Construction Services			\$ 34,375	11,200,000
Total Expenditures	-	-	34,375	11,200,000
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ (34,375)	\$ -

Additional Project Information:

Lease Number	148216000
Commencement Date	July 15, 2011
Lease Authorization (Referendum) Date	May 19, 2011
Lease Authorized	\$ 11,200,000
Lease Issued	N/A
Original Authorized Cost	\$ 11,200,000
Additional Authorized Cost	
Revised Authorized Cost	\$ 11,200,000
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	0.00%
Original Target Completion Date	November 2012
Revised Target Completion Date	

Fiduciary Funds Detail Statements

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
TRUST AND AGENCY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2011

	Trust			Agency		
	Private Purpose Scholarship Fund	Unemployment Compensation	Total Trust	Student Activity	Payroll	Total Agency
Assets						
Cash and Cash Equivalents	\$ 10,311	\$ 10,563	\$ 20,874	\$ 28,588	\$ 18,720	\$ 47,308
Total Assets	<u>10,311</u>	<u>10,563</u>	<u>20,874</u>	<u>\$ 28,588</u>	<u>\$ 18,720</u>	<u>\$ 47,308</u>
Liabilities						
Accounts Payable		6,910	6,910			
Payroll Deductions and Withholdings Payable				\$ 18,720		\$ 18,720
Due to Student Groups				\$ 28,588		28,588
Total Liabilities		<u>6,910</u>	<u>6,910</u>	<u>\$ 28,588</u>	<u>\$ 18,720</u>	<u>\$ 47,308</u>
Net Assets						
Held in Trust for Unemployment Claims		3,653	3,653			
Held in Trust for Scholarships	10,311		10,311			
Total net assets	<u>\$ 10,311</u>	<u>\$ 3,653</u>	<u>\$ 13,964</u>			

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND

SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year ended June 30, 2011

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
High Schools:				
Assunpink	\$ 26,305	\$ 11,142	\$ 17,142	\$ 20,305
Sypek Center	6,603	6,930	5,250	8,283
Total	\$ 32,908	\$ 18,072	\$ 22,392	\$ 28,588

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
PAYROLL AGENCY FUND

SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year ended June 30, 2011

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
Assets				
Cash and Cash Equivalents	\$ 21,046	\$ 6,627,304	\$ 6,629,630	\$ 18,720
Total Assets	<u>\$ 21,046</u>	<u>\$ 6,627,304</u>	<u>\$ 6,629,630</u>	<u>\$ 18,720</u>
Liabilities				
Payroll Deductions and Withholdings	\$ 21,046	\$ 6,627,304	\$ 6,629,630	\$ 18,720
Total Liabilities	<u>\$ 21,046</u>	<u>\$ 6,627,304</u>	<u>\$ 6,629,630</u>	<u>\$ 18,720</u>

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**Statistical Section
(Unaudited)**

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.

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 comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ended June 30, 2003; schedules presenting government-wide information include information beginning in that year. Ten years of information has been provided where available.

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Government-wide and Government Activities:								
Invested in Capital Assets	\$ 11,549,354	\$ 10,993,459	\$ 10,455,922	\$ 9,915,678	\$ 9,653,138	\$ 10,081,187	\$ 9,498,226	\$ 9,358,565
Restricted	1,690,354	1,712,910	1,804,097	2,506,925	1,900,625	2,918,581	2,446,789	2,422,154
Unrestricted	(525,228)	(420,504)	910,790	(345,896)	547,467	489,328	429,540	525,834
Total Government Activities Net Assets	<u>\$ 12,714,480</u>	<u>\$ 12,285,865</u>	<u>\$ 13,170,809</u>	<u>\$ 12,076,707</u>	<u>\$ 12,101,230</u>	<u>\$ 13,489,096</u>	<u>\$ 12,374,555</u>	<u>\$ 12,306,553</u>

Source: CAFR Schedule A-1 and District records.

Note: This table was implemented in 2006. This information is presented back to 2004 and additional years will be added until 10 years are presented.

OF MERCER COUNTY SCHOOL DISTRICT
 CHANGES IN NET ASSETS
 LAST EIGHT FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 UNAUDITED

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:								
Governmental Activities:								
Current:								
Regular Instruction	\$ 1,216,300	\$ 1,263,210	\$ 1,324,650					
Vocational Education	2,039,681	2,087,809	809,007	\$ 2,079,637	\$ 2,499,679	\$ 2,352,142	\$ 2,484,146	\$ 2,718,487
Special Vocational Education	767,500	802,289	779,643	781,860	1,156,244	1,301,839	1,283,951	1,302,667
Support Services and Undistributed Costs:								
Student and Instruction Related Services	446,182	420,142	479,222	513,957	683,678	806,123	918,286	1,024,692
General Administrative Services	297,785	377,772	419,617	1,582,752	676,924	325,040	353,298	521,291
School Administration	599,702	532,638	564,997	578,243	697,348	799,971	831,526	795,035
Plant Operations and Maintenance	1,401,840	1,488,176	1,516,092	1,539,799	1,705,387	1,923,237	2,077,956	1,877,929
Pupil Transportation	21,783	24,648	31,782	35,696	22,835	24,771	15,949	13,442
Central Services/Benefits/Admin Info Tech	2,045,696	2,285,238	2,436,667	2,382,732	529,237	631,379	580,226	604,450
Entitlement Grants	232,546	163,476						
Special Schools	2,480,256	2,556,643	2,235,055	2,229,872	4,618,243	3,916,996	4,295,947	4,103,164
Total Governmental Activities Expenses	11,549,271	12,002,041	10,596,732	11,724,548	12,589,575	12,081,498	12,841,285	12,961,157
Total District Expenses	11,549,271	12,002,041	10,596,732	11,724,548	12,589,575	12,081,498	12,841,285	12,961,157
Program Revenues:								
Governmental Activities:								
Charges for Services:								
Instruction (Tuition)	2,186,017	1,995,706	1,503,121	264,962				
Special Schools (Tuition)					1,572,540	2,163,422	2,403,527	3,094,121
Central and Other Support Services	483,936	490,714						
Operating Grants and Contributions	423,066	709,348	481,758	496,009			733,701	493,643
Capital Grants and Contributions							137,386	
Total Governmental Activities Program Revenues	3,093,019	3,195,768	1,984,879	760,971	1,572,540	2,163,422	3,274,614	3,587,764
Total District Program Revenues	3,093,019	3,195,768	1,984,879	760,971	1,572,540	2,163,422	3,274,614	3,587,764
Net (Expense)/Revenue:								
Governmental Activities	(8,456,252)	(8,806,273)	(8,611,853)	(10,963,577)	(11,017,035)	(9,918,076)	(9,566,671)	(9,373,393)
Total District-wide Net (Expense)/Revenue	(8,456,252)	(8,806,273)	(8,611,853)	(10,963,577)	(11,017,035)	(9,918,076)	(9,566,671)	(9,373,393)
General Revenues and Other Changes in Net Assets:								
Governmental Activities:								
County Taxes	5,581,428	5,809,500	5,991,827	6,374,479	6,615,946	7,339,488	6,134,097	6,134,097
State and Federal Sources	2,364,457	2,435,966	2,668,871	1,566,689	3,668,501	3,394,758	2,215,931	2,603,150
Local and State Aid Restricted	196,121	54,775	232,907	1,256,790			11,917	4,991
Miscellaneous Income	127,172	87,738	603,192	1,933,399	677,579	571,697	642,782	563,153
Special Item - Loss on Disposal of Asset	(41,295)	(10,321)						
Total Governmental Activities	8,227,883	8,377,658	9,496,797	11,131,357	10,962,026	11,305,943	9,004,727	9,305,391
Total District-wide	8,227,883	8,377,658	9,496,797	11,131,357	10,962,026	11,305,943	9,004,727	9,305,391
Changes in Net Assets:								
Governmental Activities	(228,369)	(428,615)	884,944	167,780	(55,009)	1,387,867	(561,944)	(68,002)
Total District	\$ (228,369)	\$ (428,615)	\$ 884,944	\$ 167,780	\$ (55,009)	\$ 1,387,867	\$ (561,944)	\$ (68,002)

Source: CAFR Schedule A-2 and District records.

Note: This table was implemented in 2006. This information is presented back to 2004 and additional years will be added until 10 years are presented.

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,							
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund:								
Reserved	\$ 1,690,354	\$ 1,712,910	\$ 1,757,649	\$ 2,506,925	\$ 2,582,769	\$ 3,675,763	\$ 3,024,043	
Unreserved	476,911	494,831	1,765,403	430,628	551,936	387,282	429,540	
Restricted for								\$ 2,422,154
Assigned to								450,686
Unassigned	\$ (3,600)	\$ (3,600)	\$ (3,600)	\$ (3,600)	\$ (4,469)			510,873
Total General Fund	<u>\$ 2,163,665</u>	<u>\$ 2,204,141</u>	<u>\$ 3,519,452</u>	<u>\$ 2,933,953</u>	<u>\$ 3,130,236</u>	<u>\$ 4,063,045</u>	<u>\$ 3,453,583</u>	<u>\$ 3,383,713</u>
All Other Governmental Funds:								
Unreserved, Reported In:								
Special Revenue Fund	\$ (3,600)	\$ (3,600)	\$ (3,600)	\$ (3,600)	\$ (4,469)			
Capital Projects Fund								\$ (34,375)
Total All Other Governmental Funds	<u>\$ (3,600)</u>	<u>\$ (3,600)</u>	<u>\$ (3,600)</u>	<u>\$ (3,600)</u>	<u>\$ (4,469)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,375)</u>

Source: CAFR Schedule B-1 and District records.

Note: This table was implemented in 2006. This information is presented back to 2004 and additional years will be added until 10 years are presented.

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.L. in the basic financial statements). Prior years have not been restated above and are not required to be.

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:								
County Appropriation / Tax Levy	\$ 5,581,428	\$ 5,809,500	\$ 5,991,827	\$ 6,374,479	\$ 6,615,946	\$ 7,339,488	\$ 6,271,483	\$ 6,134,097
Tuition - LEA's	1,518,949	1,557,677	1,503,121	296,602	1,572,540	2,163,422	2,403,527	2,326,258
Interest Earnings	11,912	11,912	11,912	11,912	68,886	21,475	11,917	4,991
Miscellaneous	607,525	524,239	591,280	1,889,847	608,694	550,222	648,102	1,346,934
State Sources	3,321,699	3,353,881	3,141,438	3,020,037	3,393,389	3,067,068	1,941,806	2,634,481
Federal Sources	307,253	318,316	242,098	299,451	275,112	327,690	1,002,506	446,394
Total Revenues	11,348,766	11,575,525	11,481,676	11,892,328	12,534,567	13,469,365	12,279,341	12,893,155
Expenditures:								
Instruction:								
Regular Instruction	1,216,300	1,809,082	1,324,650					
Special Education Instruction	2,183,817	1,730,393	682,557	1,949,868	1,996,965	1,848,149	2,002,571	952,951
Other Special Instruction	1,768,768	1,764,330	1,711,048	1,679,115	1,584,815	1,731,970	1,699,488	2,086,611
Support Services:								
Student and Instruction Related Services	168,221	152,263	171,432	187,721	270,247	297,737	316,279	763,839
General Administration	437,682	473,701	419,617	1,582,752	416,600	351,428	392,353	404,000
School Administrative Services	588,835	522,032	553,264	566,564	579,815	499,518	553,121	570,982
Central Services		289,935	317,851	207,047	182,208	300,731	192,531	205,250
Admin. Information Technology		189,763	164,317	186,081	256,947	229,061	291,806	263,260
Plant Operations and Maintenance	974,827	1,061,170	1,085,898	1,101,133	1,203,410	1,348,338	1,447,898	1,550,228
Pupil Transportation	21,783	24,648	31,782	35,696	33,628	36,066	27,769	12,730
Other Support Services	1,249,513	786,805	802,751	820,947	334,733	401,463	522,091	
Employee Benefits	1,202,970	1,416,633	1,495,491	1,552,219	2,459,067	2,193,041	2,059,256	2,181,379
Special Schools	1,164,316	1,225,380	1,244,987	1,274,220	2,966,168	2,440,326	2,853,904	3,549,569
Capital Outlay	279,301	88,914	114,272	119,030	167,121	858,728	529,736	456,600
Total Expenditures	11,256,333	11,535,049	10,119,917	11,262,393	12,451,724	12,536,556	12,888,803	12,997,399
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	92,433	40,476	1,361,759	629,935	82,843	932,809	(609,462)	(104,244)
Other Financing Sources/(Uses):								
Transfers Out	(16,569)							
Total Other Financing Sources/(Uses)	(16,569)	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ 75,864	\$ 40,476	\$ 1,361,759	\$ 629,935	\$ 82,843	\$ 932,809	\$ (609,462)	\$ (104,244)
Debt Service as a Percentage of Noncapital Expenditures	-	-	-	-	-	-	-	-

Source: CAFR Schedule B-2 and District records.

Note: This table was implemented in 2006. This information is presented back to 2004 and additional years will be added until 10 years are presented.

AREA VOCATIONAL-TECHNICAL SCHOOLS
 OF MERCER COUNTY SCHOOL DISTRICT
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 UNAUDITED

Year Ended June 30,	Evening School Fees	Custom Refunds	Textbook Sales	Prior-Year Refunds	Miscellaneous	Program Sales	Total
2002	\$ 186,643	\$ 14,642	\$ 30,842	\$ 4,221	\$ 113,274	\$ 114,737	\$ 464,359
2003	195,650	3,440	26,145	1,331	279,785	141,430	647,781
2004	281,262	3,327	33,893	1,856	106,207	108,927	535,472
2005	264,387	2,200	27,991	2,168	53,901	133,507	484,154
2006	324,481		31,789	1,551	544,197		902,018
2007	324,481		31,789	1,551	544,197		902,018
2008	332,070		37,637		238,987		608,694
2009	366,104		37,918		145,338		549,360
2010	378,648		32,750		146,196		557,594
2011	338,366		22,567		202,220		563,153

Source: District records

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2002	356,098	\$ 15,038,018,540	\$ 42,230	Not Available
2003	358,669	15,458,633,900	43,100	Not Available
2004	361,225	16,070,539,025	44,489	Not Available
2005	361,882	16,621,602,142	45,931	3.80%
2006	362,813	18,311,534,923	50,471	4.20%
2007	363,402	19,316,996,712	53,156	3.80%
2008	364,571	19,672,615,731	53,961	4.90%
2009	366,222	19,024,134,234	51,947	7.80%
2010	Not Available	Not Available	Not Available	7.80%
2011	Not Available	Not Available	Not Available	Not Available

Source:

- ^a US Bureau of the Census, Population Division, provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been estimated based upon the County population and per capita personal income presented.
- ^c Per capita personal income estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^d New Jersey Department of Labor and Workforce Development, Labor Planning and Analysis

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction:										
Vocational - Regular	26.0	27.0	24.0	26.0	26.0	26.0	25.0	25.0	25.0	22.0
Vocational - Special	11.0	10.0	10.0	11.0	12.0	12.0	11.0	11.0	11.0	10.0
Support Services:										
Student and Instruction Related Services	16.5	16.0	15.0	15.5	17.0	16.5	16.0	18.5	18.0	19.0
General Administration	2.0	2.0	2.5	2.5	2.5	2.5	2.0	2.0	2.0	3.0
School Administrative Services	11.0	11.0	10.5	10.5	10.0	10.0	10.0	8.0	9.0	9.0
Central Services	17.0	17.0	16.0	16.0	16.0	17.0	17.0	16.0	18.0	21.5
Vocational - Post Secondary	10.0	11.0	12.0	10.0	11.0	11.0	10.0	12.0	11.0	15.0
Total	93.5	94.0	90.0	91.5	94.5	95.0	91.0	92.5	94.0	99.5

Source: District Personnel Records

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^d	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
2002	930.70	\$ 8,330,258	\$ 8,951	0.00%	47	19.80	930.70	848.40	-0.74%	91.16%
2003	938.60	9,245,902	9,851	10.06%	48	19.55	938.60	843.00	0.85%	89.81%
2004	927.10	10,404,597	11,223	13.93%	48	19.31	927.10	839.50	-1.23%	90.55%
2005	826.90	10,770,928	13,026	16.07%	46	17.98	826.90	751.00	-10.81%	90.82%
2006	776.80	10,906,794	14,041	7.79%	49	15.85	776.80	705.50	-6.06%	90.82%
2007	797.70	9,706,152	12,168	-13.34%	49	16.28	797.70	723.60	2.69%	90.71%
2008	766.50	12,052,555	15,724	29.23%	46	16.66	766.50	705.60	-3.91%	92.05%
2009	783.90	11,497,549	14,667	-6.72%	48	16.33	783.90	714.80	2.27%	91.19%
2010	747.60	12,017,716	16,075	9.60%	47	15.91	747.60	682.30	-4.63%	91.27%
2011	699.70	12,540,799	17,923	11.50%	47	14.89	699.70	652.00	-6.41%	93.18%

Source: District records

Note: Enrollment based on annual October District count.

- a Operating expenditures equal total expenditures less 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).

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District/Building	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
High School:										
Assumpink										
Square Feet	90,768	90,768	90,768	90,768	90,768	90,678	90,678	90,678	90,678	90,678
Capacity (Students)	336	336	336	336	336	336	336	336	336	336
Enrollment	432	428	414	444	406	395	399	409	391	357
Sypek										
Square Feet	90,713	90,713	90,713	90,713	90,713	90,713	90,713	90,713	90,713	90,713
Capacity (Students)	444	444	444	444	444	444	444	444	444	444
Enrollment	420	411	406	441	413	392	396	401	395	386
Other:										
Health Careers Center										
Square Feet	26,984	26,984	26,984	26,984	26,984	26,984	26,984	26,984	26,984	26,984
Capacity (Students)	120	120	120	120	120	120	120	120	120	120
Enrollment	181	185	187	201	177	150	157	169	163	154

Number of Schools at June 30, 2011

High School = 2

Other = 1

Source: District Records, ASSA

Note: Enrollment is based on the annual October District count.

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

	Assunpink Building A	Assunpink Building B	Assunpink Building C	Sypek Building A	Sypek Building B	Sypek Building B Annex	Sypek Building C	Sypek Building C Annex	Other Buildings	Total
2002	\$ 8,952	\$ 10,443	\$ 10,444	\$ 5,309	\$ 11,133	\$ 685	\$ 5,070	\$ 2,278	\$ 8,335	\$ 62,649
2003	9,958	6,267	5,921	6,234	11,290		5,219	5,915	10,999	61,803
2004	15,033	4,706	6,054	6,620	9,140		11,926	10,295	11,584	75,358
2005	12,713	7,059	9,019	6,492	9,165		9,531	8,795	11,230	74,004
2006	16,831	9,346	11,940	8,595	12,134		12,618	11,644	14,867	97,975
2007	5,000	8,500	7,500	5,000	8,500		7,500	6,100	8,300	56,400
2008	17,914	5,400	4,800	8,785	6,035		11,176	6,070	32,095	92,275
2009	11,182	9,000	9,000	8,250	8,250		8,250	8,250	8,800	70,982
2010	13,400	10,560	8,702	5,500	13,750		10,930	6,930	9,680	79,452
2011	12,165	9,586	7,390	4,993	12,468		9,187	6,291	8,434	70,514
Total School Facilities	\$ 123,148	\$ 80,867	\$ 80,770	\$ 65,778	\$ 101,865	\$ 685	\$ 91,407	\$ 72,568	\$ 124,324	\$ 741,412

Source: District records

AREA VOCATIONAL-TECHNICAL SCHOOLS
 OF MERCER COUNTY SCHOOL DISTRICT
 INSURANCE SCHEDULE
 JUNE 30, 2011
 UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Burlington County Insurance Pool Joint Insurance Fund:		
Property, Inland Marine and Automobile Physical Damages	\$ 150,000,000	\$ 500
Boiler and Machinery	125,000,000	1,000
Crime	500,000	500
General and Automobile Liability	10,000,000	
Workers' Compensation	Statutory	
Educator's Legal Liability	10,000,000	
Pollution Legal Liability	3,000,000	25,000

Source: District records

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Statistical Section
(Unaudited)

Independent Auditors' 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*

Honorable President and
Members of the Board of Education
Area Vocational-Technical Schools of Mercer School District
Hamilton, New Jersey
County of Mercer

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Area Vocational-Technical Schools of Mercer School District, in the County of Mercer, New Jersey (the "District") as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Administration and 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.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

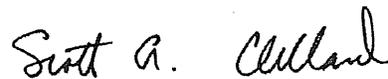
We noted a certain matter that we have reported to the District in the separate *Auditors' Management Report on Administrative Findings* dated December 5, 2011.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

We noted a certain matter of noncompliance that we have reported to the District in the separate *Auditors' Management Report on Administrative Findings* dated December 5, 2011.

This report is intended solely for the information and use of the District's management and Board, others within the entity, the New Jersey Department of Education, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

December 5, 2011
Iselin, New Jersey

Independent Auditors' Report on Compliance With Requirements That
Could Have a Direct and Material Effect on Each Major Program and on
Internal Control Over Compliance in Accordance with
New Jersey OMB Circular 04-04

Honorable President and
Members of the Board of Education
Area Vocational-Technical Schools of Mercer School District
Hamilton, New Jersey
County of Mercer

Compliance

We have audited the compliance of the Board of Education of the Area Vocational-Technical Schools of Mercer School District, in the County of Mercer, New Jersey (the "District") with the types of compliance requirements described in the *New Jersey OMB Compliance Supplement* that could have a direct and material effect on each of its major state programs for the year ended June 30, 2011. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Those standards and New Jersey OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2011.

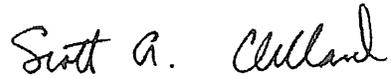
Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the District's management and Board, others within the entity, the New Jersey Department of Education, state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Scott A. Clelland
Licensed Public School Accountant
No. 1049



WISS & COMPANY, LLP

December 5, 2011
Iselin, New Jersey

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance, June 30, 2010			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2011					
				From	To	(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Deferred Revenue	Due To Grantor			
U.S. Department of Education:																	
Passed-Through State Department of Education:																	
General Fund:																	
A.R.R.A.-SFSF-ESF	84.394	N/A	\$ 372,325	07/01/09	06/30/10	\$ (32,266)			\$ 32,266								
A.R.R.A.-SFSF-GSF	84.397	N/A	14,413	07/01/09	06/30/10	(1,243)			1,243								
Total General Fund						(33,509)			33,509								
U.S. Department of Education:																	
Passed-Through State Department of Education:																	
Special Revenue Fund:																	
Perkins (P.L. 101-392)	84.048	PSFS310510	83,454	07/01/09	06/30/10	(10,846)			10,846								
Perkins (P.L. 101-392)	84.048	PSFS310511	215,148	07/01/10	06/30/11				206,442	\$ (214,758)		\$ (8,316)					
Perkins (P.L. 101-391)	84.048	PERK310510	182,214	07/01/09	06/30/10	(121,410)			121,410								
Perkins (P.L. 101-391)	84.048	PERK310511	83,454	07/01/10	06/30/11				73,931	(73,931)							
Perkins (P.L. 101-391)	84.048	PERK310508	173,283	07/01/07	06/30/08			\$ 1,694			\$ (1,694)						
Title I - Part A	84.010A	NCLB310510	12,973	09/01/09	08/31/10	(1,782)			1,782								
Title I - Part A	84.010A	NCLB310511	39,064	09/01/10	08/31/11				17,602	(39,064)		(21,462)					
Title II - Part A - Improving Teacher Quality State Grants	84.367A	NCLB310510	7,333	09/01/09	08/31/10	(800)			800								
Title II - Part A - Improving Teacher Quality State Grants	84.367A	NCLB310511	8,937	09/01/10	08/31/11				8,937	(8,937)							
I.D.E.A. Part B Basic	84.027	IDEA310511	46,046	09/01/10	08/31/11				42,387	(46,046)		(3,659)					
ARRA Custom LPN	93.714	PY2009-416	205,193	07/01/09	06/30/11	(36,359)			55,431	(19,072)							
ARRA CRCST	93.714	PY2011-189	1,050	08/01/10	07/31/11				1,050	(1,050)							
ARRA CRCST	93.714	PY2010-189	22,500	08/01/09	07/31/10	(5,855)			6,251							\$ 396	
HCIP	93.714	PY2011-302	21,000	11/08/10	06/30/11				18,018	(18,018)							
HCIP	93.714	PY2010-302	21,000	05/03/10	07/23/10	(11,001)			11,001								
U.S. Department of Energy:																	
Passed-Through New Jersey Laborers Training and Apprenticeship Fund																	
ARRA Weatherization	81.042	N/A	14,550	11/9/10	5/31/11				14,550	(14,550)							
Total Special Revenue Fund						(188,053)		1,694	590,438	(435,426)	(1,694)	(33,437)				396	
Total Federal Awards						\$ (221,562)	\$ -	\$ 1,694	\$ 623,947	\$ (435,426)	\$ (1,694)	\$ (33,437)	\$ -	\$ 396			

The accompanying notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

AREA VOCATIONAL-TECHNICAL SCHOOLS
OF MERCER COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance, June 30, 2010			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balance	Balance, June 30, 2011			Memo	
			From	To	(Accounts Receivable)	Deferred Revenue	Due To Grantor				(Accounts Receivable)	Deferred Revenue	Due To Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Equalization Aid	11-495-034-5120-078	\$ 1,909,932	07/01/10	06/30/11			\$ 1,718,935	\$ (1,909,932)					\$ (190,997)	\$ (1,909,932)	
Equalization Aid	10-495-034-5120-078	1,149,086	07/01/09	06/30/10	\$ (204,805)		204,805								
Special Education Categorical Aid	11-495-034-5120-089	200,693	07/01/10	06/30/11			180,623	(200,693)					(20,070)	(200,693)	
Special Education Categorical Aid	10-495-034-5120-089	140,298	07/01/09	06/30/10	(25,005)		25,005								
Security Aid	10-495-034-5120-084	19,824	07/01/09	06/30/10	(3,534)		3,534								
Adjustment Aid	10-495-034-5120-085	181,134	07/01/09	06/30/10	(32,285)		32,285								
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	220,871	07/01/10	06/30/11			209,891	(220,871)			\$ (10,980)			(220,871)	
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	227,965	07/01/09	06/30/10	(11,468)		11,468								
Reimbursed TPAF - Social Security Wage Freeze	11-495-034-5095-002	52	07/01/10	06/30/11			26	(52)			(26)			(52)	
Total General Fund					<u>(277,097)</u>		<u>2,386,572</u>	<u>(2,331,548)</u>			<u>(11,006)</u>		<u>(211,067)</u>	<u>(2,331,548)</u>	
Special Revenue Fund:															
High Schools That Work	10-100-034-5062-032	20,000	10/01/09	09/30/10		\$ 4,727		(4,727)						(4,727)	
High Schools That Work	11-304330-05	15,000	07/01/10	06/30/11			14,250	(8,195)			\$ 6,055			(8,195)	
Apprentice Coordinator	99000127	40,987	07/01/09	06/30/10	(10,677)		10,677								
Apprentice Coordinator	99000127	18,605	07/01/10	06/30/11			13,120	(18,409)			(5,289)			(18,409)	
Career Academy	09-BV14-G06	100,000	09/01/09	06/30/10		\$ 19,744		\$ (19,744)							
Total Special Revenue Fund					<u>(10,677)</u>	<u>4,727</u>	<u>19,744</u>	<u>38,047</u>	<u>(31,331)</u>	<u>(19,744)</u>	<u>(5,289)</u>	<u>6,055</u>		<u>(31,331)</u>	
Total State Financial Assistance					<u>\$ (287,774)</u>	<u>\$ 4,727</u>	<u>\$ 19,744</u>	<u>\$ 2,424,619</u>	<u>\$ (2,362,879)</u>	<u>\$ (19,744)</u>	<u>\$ (16,295)</u>	<u>\$ 6,055</u>	<u>\$ -</u>	<u>\$ (211,067)</u>	<u>\$ (2,362,879)</u>

The accompanying notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

Area Vocational-Technical Schools
of Mercer County School District

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

Year ended June 30, 2011

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 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 using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. 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 basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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 award 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 of accounting with the exception of the revenue recognition of the two last state aid payments in the current year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent 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

Area Vocational-Technical Schools
of Mercer County School District

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

Year ended June 30, 2011

3. Relationship to Basic Financial Statements (continued)

budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$54,562 for the general fund and \$10,968 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. Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,603,150	\$ 2,603,150
Special Revenue Fund	\$ 446,394	31,331	477,725
Total award revenues	<u>\$ 446,394</u>	<u>\$ 2,634,481</u>	<u>\$ 3,080,875</u>

4. Relationship to Federal and State Financial Reports

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

Area Vocational-Technical Schools
of Mercer County School District

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

Year ended June 30, 2011

5. Other

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, 2011.

The State of New Jersey also makes TPAF post retirement medical and pension contribution expenditures on behalf of the District, which amounted to \$217,040 for the year ended June 30, 2011. These expenditures are not subject to New Jersey OMB Circular 04-04 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

Area Vocational-Technical Schools
of Mercer County School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part I - Summary of Auditor's Results (continued)

Financial Statement Section

Type of auditor's report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u>	Yes <u> X </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes <u> X </u>	None Reported
Noncompliance material to financial statements noted?	<u> </u>	Yes <u> X </u>	No

Area Vocational-Technical Schools
of Mercer County School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II - Financial Statement Findings

No financial statement findings were noted that were required to be reported under *Government Auditing Standards*.

Area Vocational-Technical Schools
of Mercer County School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part III- Schedule of Findings of State Awards

No state award compliance findings or questioned costs were noted that are required to be reported in accordance with New Jersey OMB 04-04.

Area Vocational-Technical Schools
of Mercer County School District

Summary Schedule of Prior Years Findings

Year ended June 30, 2011

None.

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