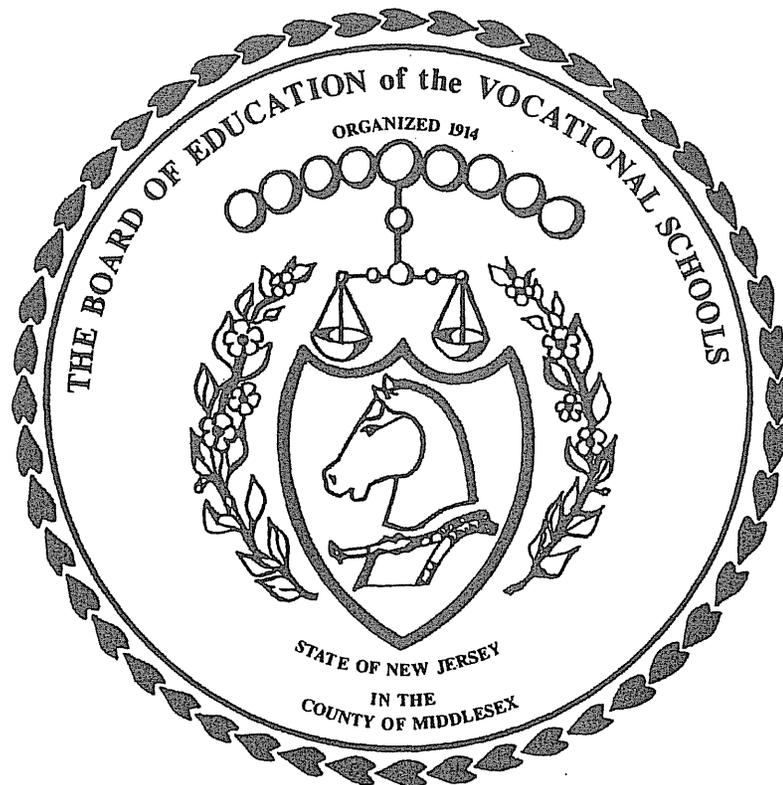


MIDDLESEX COUNTY VOCATIONAL AND TECHNICAL HIGH SCHOOLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2011



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

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

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

Prepared by

Business Office

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Introductory Section

Administrative Offices

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

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

John F. Bicsko, Jr., President

Brian J. Loughlin, Superintendent

November 23, 2011

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

Dear Board Members and Constituents:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter (designed to complement management's discussion and analysis and should be read in conjunction with it), the District's organizational chart, a list of principal officials, and independent auditors and advisors. The financial section includes management's discussion and analysis (immediately following the independent auditor's report), the Independent Auditors' report, basic financial statements, required supplementary information, and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 as amended and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on internal control over compliance and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

(1) Reporting Entity and Its Services.

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

Campuses located at:

Academy East Brunswick Perth Amboy Piscataway Woodbridge



The District provides a *full range of educational services* appropriate to grade levels 9 through 12 and post secondary. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2010-11 fiscal year with an enrollment of 2,048 students.

(2) Economic Condition and Outlook.

Middlesex County, located in the heart of Central New Jersey, has always thrived by virtue of its prime location as a corridor county. Even with a national and state economic slowdown, indicators suggest the situation is not as bleak in the County of Middlesex.

From 2008 to 2018, Middlesex County is projected to add over 12,800 new jobs. Employment is expected to increase by 2.8%, a rate of growth equal to the rate projected by the state. The health care and social services sector in Middlesex County is projected to add the most jobs (8,100) over the period. It is estimated that county payrolls in the sector will grow at a rate of 1.9% per year. Manufacturing in Middlesex County is projected to lose 7,200 jobs and decrease by 2.1% per year over the 10-year cycle.

Middlesex County also continues to be one of the fastest growing counties in New Jersey. Population predictions reflect an increase of over 45,400 residents from 2008 to 2018. A total county population of 825,000 is expected by the year 2018. The growth suggests the need for an increasing level of support in local government, job training and education.

(3) Major Initiatives.

Technology continues to be at the forefront of all the District's initiatives. Our commitment remains steadfast as we make technical advances throughout the District. On the administrative side, we introduced a new student information system known as "Genesis." The Genesis system is tailored for New Jersey schools providing an invaluable reporting structure that will save countless man hours moving forward. Instructionally we continue to expand the integration of technology into our schools to align with the New Jersey Core Curriculum Content Standards and provide support to meet the requirements of No Child Left Behind. Curriculum enhancing software such as "Read 180," and "Study Island," provides technological support to the school program. Web-quest projects and on-line assignments also contribute efficacy and expediency to the instructional program.

While we recognize expanding technology issues, we also acknowledge our traditions and we try to maintain some vestige of our heritage: machine shops, culinary, carpentry, electrical trades, automotive technologies - and thus nurture *a commitment to the industries and unions that have built America* - and continue to do so. In short, we strive for a balanced approach to our educational mission. Our *Performing Arts in Dance and Theatre* program continues to be a success. In the coming school year, we will be adding cinematography as the third leg to the program. With the help of a very accomplished instructor and new state of the art classroom we have very high hopes for the success at the new program concept. However, to succeed in the technology, the trades and the arts are not enough. Additionally, we must compete *successfully* with the academic school districts by being *subject to the same academic rigors of testing* that they must face! And we do.

Our Academy for Science, Mathematics and Engineering Technologies continues to thrive and remains at capacity. It's clear by their achievements that the concept is a successful one. College placements for the senior class in 2010-11 were the culmination and confirmation of this new school success. The 2011 Senior Class graduating from the Academy will all be attending Colleges and Universities around the country.

These include the following:

• Boston University	• New Jersey Institute of Technology
• Brown University	• New York University
• Carnegie Mellon University	• Penn State
• Columbia University	• Perdue University
• Cornell University	• Princeton University
• Drexel University	• Rutgers University
• Duke University	• Seton Hall University
• Harvard University	• St. John's University
• John Hopkins University	• Steven's Institute of Technology

Our newest Academy – The Academy for Allied Health and Biomedical Sciences opened in September 2008 and looks forward to its first graduating class in the Spring of 2012. The Academy provides students with a small learning community that will focus on college preparation. Technology labs will foster hands-on applied learning, while rigorous and relevant academy courses with an emphasis on math and science will be integrated into the career majors of Allied Health and Biomedical Sciences. The Academy for Allied Health and Biomedical Sciences is our response to regional needs for skilled health care professionals. The Academy will prepare students to enter higher education – college and beyond, which is needed for many of the fields in the medical profession. Physicians, pharmacists and allied biomedical professionals are a few of the careers we hope our students will ultimately enter.

Extensive renovation and building improvements were made throughout the District in order to maintain an attractive, safe and cost-effective setting for vocational education. The remodeling and refreshing of vital shop areas in our District has served to stimulate interest and dispel complacency. It provides motivation to both our students and our instructors!

The revitalization of our adult education programs continues to be emphasized. While the District has always provided apprentice, adult high school, and community enrichment programs, the adult school continues to support post secondary certificate programs. The District offers certificated programs in the area of HVAC, Electrical Technology, Manicurist, Plumbing Technology, and Skin Care Specialist. These programs offer an affordable educational alternative to adults that are looking for new career opportunities.

The practical measure of success for a vocational school, however, is the appropriate placement of students in jobs. This is a fundamental element of success because it validates the vocational-technical experience. Fortunately, in this most important criterion, MCVTHS *excels*. This year's report included demographic data of 479 students who completed their education in 2010. Our overall percentage for job placement in 2010 was 93%. Job placement in all trades for which the students were trained was 82%. Also noteworthy is the fact that 43% of our students extended their education upon graduation from our District by enrolling in colleges and nursing schools. Graduates of the high school and special programs were employed by a total of 120 firms with 83% of those firms located in Middlesex County. *Clearly, these statistics indicate success in both vocational and academic program – which when combined – culminate in the practical success of securing employment!*

(4) Internal Accounting Controls.

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

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

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

(5) Budgetary Controls.

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

An *encumbrance accounting system* is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as a reserve of fund balance at June 30, 2011.

(6) Accounting System and Reports.

The District's accounting records reflect *generally accepted accounting principles*, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. As required by GASB 34, the Comprehensive Annual Financial Report reflects activity for the fiscal year ended June 30, 2011 to include the Basic Financial Statements and Management's Discussion and Analysis. The Basic Financial Statements present information on two separate sets of financial statements. The District-wide statements reflect the District's activities as a whole on the full accrual basis of accounting. The Fund financial statements present the District's activities on an individual fund basis.

(7) Cash Management.

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

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

(8) Risk Management (Insurance).

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

Other Information.

(A) Independent Audit

State statutes require an annual audit by independent, certified public accountants or registered municipal accountants. The accounting firm of Wiss & Company, LLP, was selected by the Board finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

(B) Awards and Recognition

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

- One student was named to the Greater Middlesex County All Division Team from the Academy for Allied Health and Biomedical Sciences, and the Academy also received the Sportsmanship Award for the Greater Middlesex Conference (GMC) Gold Division.
- One student from the Academy for Science, Mathematics and Engineering Technologies was honored by the Greater Middlesex Conference as the Academy Scholar Athlete at the Jay H. Dakelman Scholar Athlete Banquet.
- One player from the Perth Amboy Campus was named to the All State soccer team.
- The East Brunswick Tech Cheerleaders retained their title as New Jersey Technical Athletic Council Cheerleading State Champions by taking first place again in the 2011 cheerleading competition.
- The Piscataway Boy's Varsity Basketball Team won the Gold Division with a record of 13 and 1. Karl Towns, Varsity Coach, was named Coach of the Year for the Gold Division.
- Middlesex County Vocational and Technical School's Practical Nursing Program earned a 94% passing rate on the National Council Licensure Examination (NCLEX). This outstanding achievement supports the overall rigor of the practical nursing program and the dedication of a

superior faculty. The National Council of State Boards of Nursing disseminates National Council Licensure Examination results to schools of nursing on a semi-annual basis. The report ranks a nursing program based on their graduates' performance on the licensure exam.

- The Piscataway Campus school newspaper, ALL EYES ON PVT, retained its 1st place standing in the American Scholastic Newspaper Awards for 2011.
- Two DECA students placed in the DECA State Competition. One student took 1st place and the other took 2nd place.
- The Science League Teams finished in the top ten schools for the fifth consecutive year. The Physics team placed 2nd and the Biology team placed 3rd. The graduating Class of 2011 distinguished themselves during three consecutive years of Science League competition. They were ranked #1 in Biology as sophomores, #1 in Chemistry as juniors, and #2 in Physics as seniors.
- The members of the New Jersey FFA received four 1st place awards in a variety of categories in the Horticulture Exposition of 2011.
- One students enrolled in our Academy were accepted to the Governor's School Programs. The student attended the School of Engineering at Rutgers.
- *Numerous special project grants*, which total over \$2.5 million, comprise another dimension of the awards and recognition received by the District over the 2010-11 year. This represents a tribute to the administration and staff that work extremely hard to compete for and maintain this level of grant award, year after year.

(9) *Acknowledgements.*

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

Respectfully submitted,

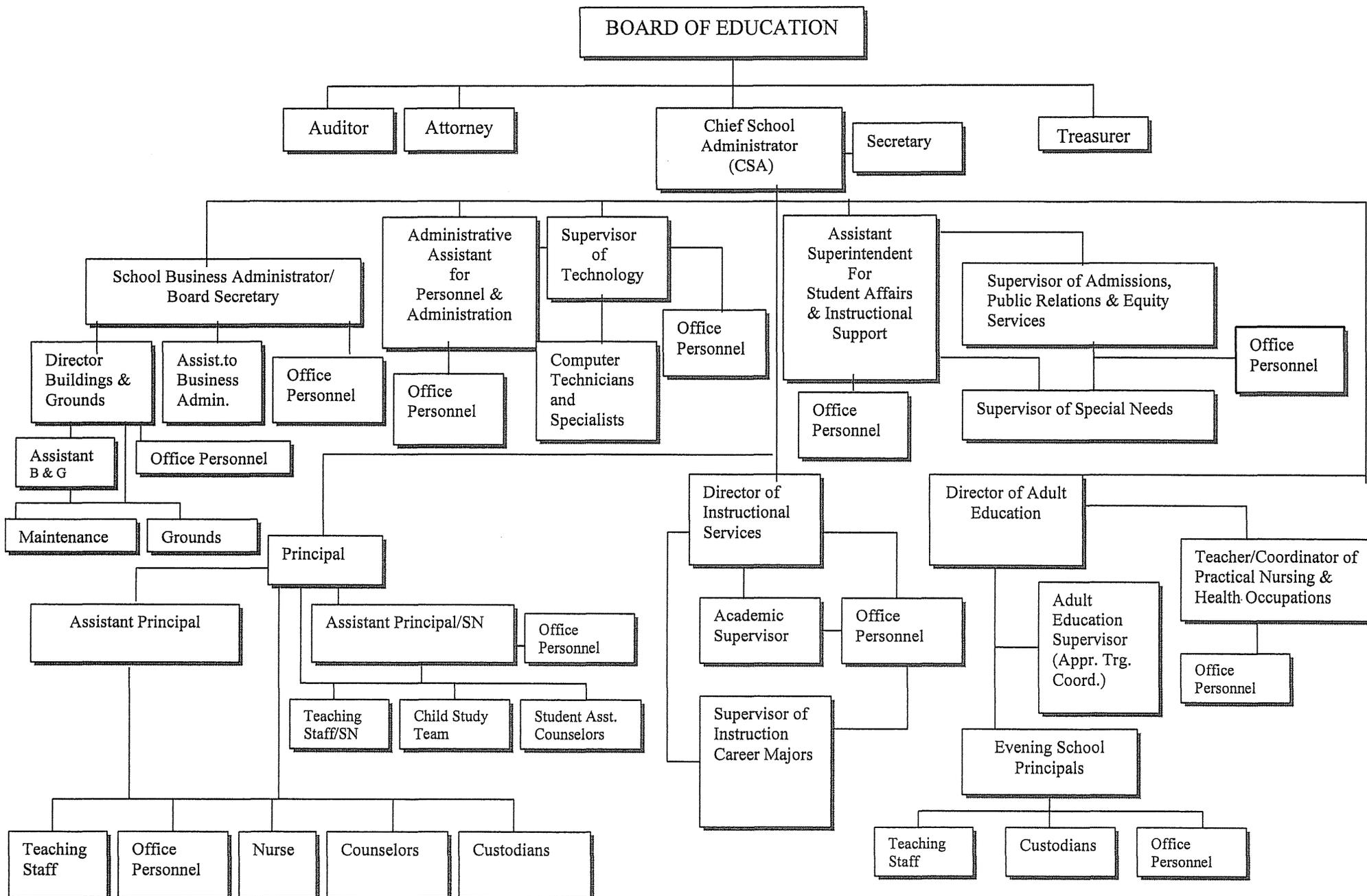


Brian J. Loughlin
Superintendent



Karl J. Knehr, CPA
Board Secretary/Business Administrator

Middlesex County Vocational and Technical High Schools
ORGANIZATIONAL CHART
June 30, 2011



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

Roster of Officials

June 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. John F. Bicsko, Jr., President	2014
Mr. Eugene J. Mullen, III, Vice-President	2013
Mr. Frank Chrinko, Board Member	2012
Mr. Francis R. James, Board Member	2011

Other Officials

Brian J. Loughlin, Superintendent

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

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

Mr. Joseph F. Greco, CPA, Treasurer

Anthony B. Vignuolo, Esq., Board Attorney

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

Independent Auditors and Advisors

Independent Auditors

Wiss and Company, LLP
485C Route One South
Iselin, New Jersey 08830

Architects

SSP Architectural Group, Inc.
PO Box 758
Summerville, NJ 08876

Attorney

Borris, Goldin, Foley, Vignuolo, Hyman and Stahl
2875 U.S. Highway #1
Route 1 and Finnegans Lane
P.O. Box 7463
North Brunswick, New Jersey 08902

Official Depositories

Wachovia
New Brunswick Office
George and Church Streets
New Brunswick, New Jersey 08901

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Financial Section



Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Middlesex County Vocational and Technical High Schools, County of Middlesex, New Jersey ("the District"), as of and for the year ended June 30, 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, the business-type 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 and, where applicable, cash flows thereof 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 November 23, 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 found 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, such as 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, 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, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



David J. Gannon

Licensed Public School Accountant
No. 2305



WISS & COMPANY, LLP

November 23, 2011
Iselin, New Jersey

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

The following represents the Middlesex County Vocational and Technical High Schools' (the "District") discussion and analysis for fiscal year ended June 30, 2011. This document is designed to assist the reader in understanding the presentation format of the basic financial statements and provide an overview of the District's financial activities. The analysis should aid the users in determining the impact of current year operations on the district's overall financial position. Please use this discussion in conjunction with the transmittal letter to develop a better understanding of how the District's operations relate to the financial information presented in this report.

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

ANNUAL REPORTING

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

GOVERNMENT-WIDE STATEMENTS

The Government-wide statements (pgs. 24-25) represent a look at government financial reporting. The intention of these statements is to provide financial information on the District as a whole rather than on an individual fund basis. This is achieved by consolidating governmental and business type activities on the same statements using the same measurement focus and basis of accounting.

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

$$\boxed{\text{Assets}} \quad - \quad \boxed{\text{Liabilities}} \quad = \quad \boxed{\text{Net Assets}}$$

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

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

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

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

FUND FINANCIAL STATEMENTS

The fund financial statements (pgs. 26-33) continue where the government-wide financial statements stop. Unlike the government-wide statements, the focus is on the individual funds rather than the broad scope. These statements complement the government-wide statement by providing more detail on the District's operations. Although the majority of these statements reflect a short term view by removing capital assets and non-current liabilities, they provide a closer look at the District's finances by detailing information about the most significant funds. The district maintains three different types of funds: governmental, proprietary, and fiduciary.

Governmental Funds: These statements (pgs. 26-28) are presented on a modified accrual basis of accounting. The statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. They provide detailed activities for the general, special revenue, and capital projects funds.

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

Balance Sheet (pg. 26): The total fund balances for all governmental funds are reconciled with the net asset of governmental activities on the statement of net asset (government-wide statement pg. 24) by adding in capital assets, net of depreciation and long-term liabilities.

Statement of Revenues, Expenditures and Changes in Fund Balance: The net change in fund balance from this statement (pg. 27) is reconciled with change in net assets of governmental activities from the statement of activities (government-wide statements pg. 25) on a separate schedule (pg. 28). To reconcile to full accrual depreciation expense and compensated absences earned are removed from fund balances. Outlays for capital assets and the repayment of long-term debt are added into the change in fund balance.

Enterprise Fund: The enterprise fund statements reflect the activities of the district's business type services. Currently, the District only operates a food service fund. These statements and the government-wide statements are kept on the same basis of accounting (full accrual) and do not require a reconciliation. The difference between the statements again is the level of detail provided. This detail enables the reader a more in-depth analysis of enterprise fund activities. The fund financial statements for the enterprise fund includes a statement of net assets, statement of revenues, expenses and changes in fund net assets, and a statement of cash flows. The format and information presented in these statements (pgs. 29-31) is similar to pre-GASB 34 reports.

Fiduciary Funds: There are several funds in which the District acts as a fiduciary. These funds are held in trust and include student activities, payroll agency, and scholarship funds (pgs 32-33). Unlike the governmental and proprietary funds, the fund financial statements are the only place where the fiduciary funds are reported. The fiduciary funds are not included in the government-wide statements because the District cannot utilize these funds for its operations. The District is responsible for ensuring these funds are restricted for their intended purpose. The fund statements include a statement of fiduciary net assets and a statement of changes in fiduciary net assets for the scholarship trust fund.

Notes to the basic financial statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34-58 of this report.

Other information: The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 59-79 of this report.

GOVERNMENT WIDE FINANCES

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

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

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

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

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

The following presents the net assets of the government activities as of June 30, 2011 and 2010:

	June 30, 2011 District Totals	June 30, 2010 District Totals
Current and other assets	\$ 9.0	\$ 10.9
Capital assets	64.2	64.0
Total assets	73.2	74.9
Current and other liabilities	(3.3)	(5.4)
Long-term liabilities	(2.2)	(2.4)
Total liabilities	(5.5)	(7.8)
Net assets		
Invested in capital assets	64.2	64.0
Restricted	3.4	3.4
Unrestricted (deficit)	0.1	(0.3)
Total net assets	\$ 67.7	\$ 67.1

An examination of Table 1 indicates the results of operations for the 2010-2011 school year resulted in a \$0.6 million increase in total net assets. The decrease in assets and liabilities is primarily due to receiving a portion of our 2010-11 County Tax Levy payment prior to June 30, 2010. The unrestricted net assets increased through the results from operations offset by some decreases in encumbrances, pension and compensated absence liabilities.

Table 2 offers a closer look at the \$0.1 million in unrestricted net assets.

Table 2
Unrestricted Net Assets
As of
(In Millions)

Unrestricted net assets from:

Encumbrances	\$ 0.3
Designated in subsequent year	1.3
Unfunded pension liability	(0.9)
Unfunded compensated absences	(1.2)
Results from operations	0.6
Total	\$0.1

Encumbrances: Encumbrances are used to record outstanding purchase commitments for the District on a perpetual basis. As ordered items are received and services are rendered throughout the school year, encumbrances are invoiced and eventually paid. Open encumbrances at year end represent the

value of outstanding purchase commitments as of June 30, 2011. These amounts are recorded in unrestricted net assets and re-appropriated in next year's budget.

Designated in subsequent year: This value represents the estimated amount of fund balance that will be needed to support the 2011-2012 budget. The annual school budget is prepared and adopted prior to the start of the new fiscal year (July 1, 2011).

Pension Liability: This long-term debt was the result of 1993-94 Early Incentive Retirement Program sponsored by the State of New Jersey. The debt represents the cost of early retirement for District personnel who participated in this program. The current portion of the debt is funded through the annual school budget and is payable to the County who issued refunding bonds to pay the State obligations.

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

As demonstrated by Table 2, the pension liability and compensated absences are recorded as a reduction against unrestricted net assets. This is significant when you consider that encumbrances and the amount designated in the subsequent year are expected to be expended, leaving only the results from operations to be offset against these deficits. The long-term outlook of the full accrual basis requires that these items be recorded as long term liabilities. It is important to note that since these debts only encumber resources, they are netted against the District's unrestricted net assets.

The question now becomes what impact does this have on the District's finances and its ability to operate? In two words or less: very little. In its simplest terms, the deficit in 2010 represents the funds required to satisfy these long term liabilities should the District cease its operations tomorrow. Although a number of net assets remain encumbered, the sale of any capital assets would more than satisfy these debts should the vocational and technical school close its doors. Since the District's operations will not be suspended (and its assets unavailable to satisfy this debt) - these debts are technically considered unfunded. Then how will they be paid? As discussed previously, the current portion of these debts are satisfied through the district's annual operating budget. Based upon this, you may consider these debts funded: funded on an annual basis by the budget rather than accumulated unrestricted net assets.

Another question that can be raised in this: why not accumulate enough unrestricted net assets through operations to offset these debts completely and have some left over for emergencies? The answer lies in fiscal philosophy and policies of Middlesex County and as previously indicated, its ability to exercise influence on the vocational and technical school with regard to these policies. The County of Middlesex remains conservative in its budget practices. Keeping the County tax rate affordable for its citizens while maintaining quality services is always the emphasis of the budget process. As a major component of the County's budget, this philosophy has a "spill down" affect. The vocational and technical school is encouraged to request only what it absolutely needs and is required to appropriate any accumulated unassigned surplus (net assets) maintained at the fiscal year's end. In keeping with these demands, the vocational and technical school's annual operating budget must be, on the whole, more accurate than the average school district. The work does not stop at the end of the budget process. Expenditures and revenues must be closely monitored throughout the school year. Overruns and short falls need to be accounted for to ensure a positive outcome for operations at year end. Although the relationship may appear difficult, Middlesex County has always remained fiscally committed to the vocational and technical school programs. The District's management believes these practices promote a fiscally responsible attitude and are key to remaining operationally sound.

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

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

	June 30, 2011	June 30, 2010
Revenues:		
Program Revenues		
Federal and state grants	\$ 2.3	\$ 2.1
General Revenues		
Property taxes	23.3	22.7
Federal and state aid, not restricted	14.7	15.6
County Capital Contribution	3.1	3.0
Other General Revenues	1.1	1.1
Total revenues	44.5	44.5
Functions/Program Expenses:		
Instruction		
Regular	7.8	7.8
Other special instruction	0.2	0.2
Vocational	11.0	11.6
Other instruction	0.6	0.5
Support Services		
Student and instruction related		
Services	5.7	5.8
General administrative service	1.4	1.3
School administrative services	3.3	3.9
Plant operations and maintenance	8.0	7.2
Pupil transportation	0.1	0.1
Business and other support services	1.8	1.8
Special Schools	2.2	3.0
Unallocated depreciation	1.8	1.8
Total expenses	43.9	45.0
Increase (Decrease) in net assets	\$ 0.6	\$(0.5)

As previously mentioned, the District experienced a \$0.6 million increase in net assets over the 2010-2011 school year. As indicated in the table, instructional expenses, support service expenses, and special school expense decreased over the prior year. The decreases in vocational instruction, school administrative services, and special schools were slightly offset by an increase in plant operations. Typical plant expenses such as utilities and building maintenance increased through demand and with the age of the buildings. The decrease in vocational and administrative service comes through budget programs cuts and staff retirements. Special Schools cost also significantly decreased with a reduction in enrollment. Revenues remained constant in total as compared to prior year. There was a cut in state aid that was offset through an increase in revenue from the county.

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

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

	June 30, 2011	June 30, 2010
Program Revenues		
Charges for services	\$249.2	\$279.8
Federal and state reimbursement program	349.4	373.0
General Revenues		
Interest		0.2
Transfers from Governmental Funds	6.5	
Total revenue	605.1	653.0
Functions/Programs		
Food Services	604.4	622.1
Total expenses	604.4	622.1
Increase in net assets	\$0.7	\$ 30.9

The food service program is run by the Aramark Corporation. Aramark is a food service management company and its relationship with the District has existed for over 20 years. While the District's management works as an oversight and retains final responsibility, Aramark is responsible for the daily operations. Under their supervision, the expenses and revenues have remained consistent and the facility operations efficient. For the 2011 fiscal year, both operating expenses and revenues decreased with an effort to create more efficiencies as well as an actual decrease in volume. With the implementation of the new point of sale system the District needed to make a small transfer to the food service fund to cover additional expenses. The District's contribution for food service operations was \$6.5 thousand (Table 4) and \$0 for the 2011 and 2010 fiscal years, respectively.

INDIVIDUAL FUND FINANCES

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

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

The general fund records the result of the District's primary operations. The vocational and technical schools primary focus is the business of educating and training the students of Middlesex County. All the related expenses including instruction, student services, administrative, and plant are recorded in this fund. County appropriations (tax revenue), state aid and tuition make up the majority of revenue received to support these expenses. As previously discussed, the District continues to contend with increases in employee benefits and energy costs. Other expenses continued to rise with the need for expanded instruction. An analysis of increases and decreases in expenses is presented in section (B) as part of a summary of general and special revenue fund expenditures.

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

(A) The following schedule presents a summary of the general fund, special revenue fund and capital projects fund revenues for the fiscal year ended June 30, 2011 and increases and decreases as compared to the prior year.

Revenue	Amount	Percent of Total	Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ 27,801,443	62.48%	\$ 588,478	2.16%
State Sources	14,474,782	32.53	1,253,845	9.48
Federal Sources	<u>2,221,086</u>	<u>4.99</u>	<u>(1,915,343)</u>	(46.30)
Total:	<u>\$ 44,497,311</u>	<u>100.00%</u>	<u>\$ (73,020)</u>	<u>(.16)%</u>

The increase in Local Sources is reflective of a small increase in the County tax levy offset by a decrease in the interest earned and registration fees collected.

The changes in State and Federal Sources were directly related. During 2009-10 school year the District was awarded ARRA funds from the Federal government to help avoid job loss and create new positions. In the current fiscal year the state increased funding to help offset the loss of the one-time federal revenue item. The net effect of the combining factors actually resulted in the district having less federal and state funding as a whole.

(B) The following schedule presents a summary of general fund, special revenue fund and capital projects fund expenditures for the fiscal year ended June 30, 2011, and the percentages of total increases and decreases as compared to the prior year.

Expenditures	Amount	Percent of Total	(Decrease) Increase	Percent of (Decrease) Increase
Current Expense:				
Instruction	\$ 14,329,098	32.32%	\$ (438,551)	(2.97)%
Undistributed Expenditures	25,532,012	57.58	(62,017)	(0.24)
Capital Outlay	2,850,713	6.43	190,381	7.16
Special Schools	<u>1,627,108</u>	<u>3.67</u>	<u>(560,573)</u>	(25.62)
Total:	<u>\$ 44,338,931</u>	<u>100.00%</u>	<u>\$ (870,760)</u>	<u>(1.93)%</u>

Decreases in salaries from retirement/reduction of staff accounted for the majority of the instructional expense decrease.

Support expenses remained fairly consistent with the prior year. There were some increases in plant and operations that were offset by some decreases in student services and school administration salaries for retirement/reduction of staff.

Capital outlay increase is related to more capital projects ongoing during the current year.

Special Schools expense decreased dramatically due to a decline in enrollment of programs.

BUDGET ANALYSIS

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

Revenue:

1. Taxes were collected and received in the amount budgeted for.
2. Interest earned was received under budget just in excess of \$80,000. This was directly related to a large decrease in interest rates.
3. Tuition collections were under amounts budgeted. Actual revenue increased slightly over the prior year due to an amount collected for Cosmetology and LPN tuition.
4. Miscellaneous revenue collections were received under budget. Fees for the use of the District's facilities and registration fees for the evening school were both lower than expected.

Expenditures:

Original Budget vs. Final Budget

1. The majority of variances between original and final budget can be explained by prior year encumbrances. Items that were ordered in the prior year and received in this fiscal year are rolled over into the current budget through the transfer line. These items increase the final appropriation and are spent through the current budget.
2. Transfers were made in and out of regular instruction, special needs vocational, health services, administrative, and student service salary accounts. These transfers cover unanticipated staff changes and retirements throughout the fiscal year.
3. Transfers were needed in technology mainly to cover increases in supplies.
4. Transfers were needed in facilities mainly to cover increases in building and maintenance repairs and supplies.
5. Lower than expected budget increases in health benefits allowed transfers to other accounts such as workers compensation expenses, technology supplies, contracted maintenance services and utilities. Funds were transferred to PERS employer contributions due to an increase in contributions for the year. Social Security decreased slightly from prior year.
6. Transfers were made out of evening school to other accounts due to a decrease in costs related to a decrease in enrollment.

Final Budget vs. Actual

1. The majority of variances between final budget and actual can be explained by encumbrances. These reserves recognize goods and services ordered as of year end but not received. While this amount is shown as reserved in the statement of net asset, the encumbrances are not reflected on schedule C-1 (pgs. 59-64), the budgetary comparison schedule.
2. Funds used to support co-curricular and athletic activities were not needed.
3. An increase in E-rate funds offset communication expenses.
4. Conservative estimates for gas and electric resulted in a surplus of funds in the plant accounts.
5. Excess funds were available under cleaning, maintenance and repair services in the maintenance accounts due to less than anticipated services.
6. Excess funds were available in the workers compensation account due to an unanticipated reserve change in June expenses.
7. Transportation service came in lower than anticipated due to less field trips taken.
8. Unemployment claims expense came in lower than anticipated.
9. Instructor expense, supply cost, and other expense for evening school were over anticipated. Certain programs were not operated due to a lack of enrollment.

CAPITAL ASSETS AND LONG-TERM DEBT

CAPITAL ASSETS

As of June 30, 2011, capital assets for the district totaled \$64.2 million, net of accumulated depreciation. Capital assets include land, buildings, equipment, and construction in progress as detailed in Table 5.

Table 5
Capital Assets
June 30, 2011
(In Millions)

	<u>Governmental Activities</u>
Land and site improvements	\$ 10.8
Building and building improvements	49.1
Furniture and equipment	3.6
Construction-in-progress	<u>0.7</u>
	<u><u>\$ 64.2</u></u>

The net investment in capital assets increased 0.4% from the prior year. That increase included depreciation expense of \$2.5 million offset by additions recorded in the amount of \$4.0 million. The following is the detail of those additions:

	Additions (in millions)
Woodbridge HVAC	\$.79
East Brunswick Roofing Replacement	.82
Woodbridge Roofing Replacement	.13
East Brunswick Locker Replacement	.28
Piscataway Paving	.28
East Brunswick Curbing	.28
East Brunswick Hot Water Tank	.12
Piscataway Hot Water Tank	.15
Piscataway Sewer Line Replacement	.11
Piscataway Gas Service Restoration	.07
Construction in Progress	.61
Equipment	.36
	<u>\$4.0</u>

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

LONG-TERM DEBT

As noted previously, the District is a Type I district and as such raises all its funding for capital expenditures through Middlesex County. The only debt on the District's books as of June 30, 2011 relates to funds borrowed from the State of New Jersey's pension fund for an early incentive retirement program. Payments are made annually for interest and principle over a 20 year period.

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

OTHER CONSIDERATIONS

An area of future financial consideration includes our state aid as well as economic uncertainty the state is facing. While state aid in the past had remained fairly consistent with small formula based increases over the years, there is no clear indication of how schools will be funded in the future at the State level. In 2010-11, the ARRA Federal funding was lost and there were significant reductions in the 2010-11 budget year that could not be replaced. For the 2011-12 year, the district did receive a small increase in state aid plus some funds from the Federal Education Jobs Bill. In these tough economic times, the State has required that Districts look at efficiencies and shared services to reduce expense budgets to offset cuts rather than replace revenue. At this time it is not known if the state aid will be restored for the 2012-2013 budget year or reduced back further. With that in mind, New Jersey School Districts will be fiscally challenged in the near future and may be forced into more staff reductions as well as imposing the "do more with less" mentality.

Another area that continues to be challenging is enrollment. With space available in our two traditional vocational campuses, it will be incumbent on the District to increase enrollment at these locations to maximize efficiency. As we have seen the fruits of our labor with regard to enrollment and interest at the new academies, revitalization of existing programs as well as new offerings will be essential to the recruitment process at the larger campuses. The real challenge will be updating programs and introducing new areas in an environment of dwindling resources. Sustained growth and increased efficiency will be the key to the vocational school's financial viability and overall success. For the 2011-12 school year two new programs were introduced; digital film program at the East Brunswick Campus, and Health Technology at the Piscataway Campus. Also the Computer Systems Technology Program was updated in the Piscataway Campus.

FINANCIAL MANAGEMENT CONTACT

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2011.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Assets
June 30, 2011**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 5,379,585		\$ 5,379,585
Internal balances	(562)	562	-
Accounts receivable	3,581,176	\$ 71,638	3,652,814
Inventory		10,969	10,969
Restricted assets:			
Capital reserve account - cash	100		100
Capital assets, non-depreciable	7,964,621		7,964,621
Capital assets, depreciable, net	56,276,673	13,310	56,289,983
Total Assets	<u>73,201,593</u>	<u>96,479</u>	<u>73,298,072</u>
LIABILITIES			
Accounts payable	745,936	61,244	807,180
Payable to other governments	2,334,367		2,334,367
Insurance claims payable	250,195		250,195
Other payables	3,177	78	3,255
Unearned revenue	15,905	1,147	17,052
Noncurrent liabilities:			
Due within one year	251,466		251,466
Due beyond one year	1,911,151		1,911,151
Total liabilities	<u>5,512,197</u>	<u>62,469</u>	<u>5,574,666</u>
NET ASSETS			
Invested in capital assets	64,241,294	13,310	64,254,604
Restricted for:			
Capital projects	3,428,861		3,428,861
Other purposes	100		100
Unrestricted	19,141	20,700	39,841
Total net assets	<u>\$ 67,689,396</u>	<u>\$ 34,010</u>	<u>\$ 67,723,406</u>

See independent auditors' report and accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Activities
Year Ended June 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 7,776,472		\$ 792,766	\$ (6,983,706)		\$ (6,983,706)
Other special instruction	156,056			(156,056)		(156,056)
Vocational	11,029,468		387,418	(10,642,050)		(10,642,050)
Other instruction	570,248			(570,248)		(570,248)
Support services:						
Student & instruction related services	5,700,459		1,137,561	(4,562,898)		(4,562,898)
General administrative services	1,392,144			(1,392,144)		(1,392,144)
School administrative services	3,362,272			(3,362,272)		(3,362,272)
Plant operations and maintenance	7,977,047			(7,977,047)		(7,977,047)
Pupil transportation	89,482			(89,482)		(89,482)
Business and other support services	1,782,884			(1,782,884)		(1,782,884)
Special schools	2,224,705			(2,224,705)		(2,224,705)
Unallocated depreciation	1,843,699			(1,843,699)		(1,843,699)
Total governmental activities	<u>43,904,936</u>		<u>2,317,745</u>	<u>(41,587,191)</u>		<u>(41,587,191)</u>
Business-type activities:						
Food Service	604,450	\$ 249,210	349,404		\$ (5,836)	(5,836)
Total business-type activities	<u>604,450</u>	<u>249,210</u>	<u>349,404</u>		<u>(5,836)</u>	<u>(5,836)</u>
Total primary government	<u>\$ 44,509,386</u>	<u>\$ 249,210</u>	<u>\$ 2,667,149</u>	<u>(41,587,191)</u>	<u>(5,836)</u>	<u>(41,593,027)</u>
General revenues and transfers:						
Property taxes, levied for general purposes				23,314,842		23,314,842
Federal and State aid not restricted				14,655,266		14,655,266
County capital contribution				3,100,000		3,100,000
Tuition received				667,574		667,574
Investment earnings				4,942	39	4,981
Miscellaneous income				436,942		436,942
Transfers				(6,500)	6,500	-
Total general revenues and transfers				<u>42,173,066</u>	<u>6,539</u>	<u>42,179,605</u>
Change in net assets				585,875	703	586,578
Net Assets—beginning of year				<u>67,103,521</u>	<u>33,307</u>	<u>67,136,828</u>
Net Assets—end of year				<u>\$ 67,689,396</u>	<u>\$ 34,010</u>	<u>\$ 67,723,406</u>

See independent auditors' report and accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Governmental Funds
Balance Sheet
June 30, 2011**

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 5,379,585			\$ 5,379,585
Accounts receivable:				
Interfund	750,661		\$ 3,432,450	4,183,111
Federal	11,835	\$ 834,022		845,857
State	76,243	4,149	2,334,367	2,414,759
Other governments	200,179	100,485		300,664
Other	16,302			16,302
Restricted assets:				
Cash and cash equivalents	100			100
Total assets	<u>\$ 6,434,905</u>	<u>\$ 938,656</u>	<u>\$ 5,766,817</u>	<u>\$ 13,140,378</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 537,385	\$ 204,962	\$ 3,589	\$ 745,936
Intergovernmental payables:				
Other governments			2,334,367	2,334,367
Interfunds payable	3,451,310	728,769		4,180,079
Insurance claims payable	250,195			250,195
Other payables	3,177			3,177
Deferred revenue	10,980	4,925		15,905
Total liabilities	<u>4,253,047</u>	<u>938,656</u>	<u>2,337,956</u>	<u>7,529,659</u>
Fund balances:				
Restricted for:				
Capital reserve account	100			100
Capital projects			3,428,861	3,428,861
Assigned to:				
Designated for subsequent years expenditures	1,300,000			1,300,000
Other Purposes	290,769			290,769
Unassigned:	590,989			590,989
Total fund balances	<u>2,181,858</u>		<u>3,428,861</u>	<u>5,610,719</u>
Total liabilities and fund balances	<u>\$ 6,434,905</u>	<u>\$ 938,656</u>	<u>\$ 5,766,817</u>	

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 funds. The cost of the assets is \$ 105,277,372 and the accumulated depreciation is \$ 41,036,078 (see Note 4).

64,241,294

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

(2,162,617)

Net assets of governmental activities

\$ 67,689,396

See independent auditors' report and accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011**

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
REVENUES				
Local sources:				
Local tax levy	\$ 23,314,842			\$ 23,314,842
County capital contribution			\$ 3,100,000	3,100,000
Tuition charges	667,574			667,574
Interest earned	4,942			4,942
Miscellaneous	436,942	\$ 277,143		714,085
Total local sources	24,424,300	277,143	3,100,000	27,801,443
State sources	14,419,359	55,423		14,474,782
Federal sources	41,092	2,179,994		2,221,086
Total revenues	38,884,751	2,512,560	3,100,000	44,497,311
EXPENDITURES				
Current:				
Regular instruction	5,066,182	710,501		5,776,683
Other special instruction	110,833			110,833
Vocational education	7,719,082	286,230		8,005,312
Other instruction	436,270			436,270
Support services and undistributed costs:				
Student & instruction services	3,262,051	1,004,812		4,266,863
General administrative services	1,176,211			1,176,211
School administrative services	2,308,088			2,308,088
Plant operations and maintenance	6,714,794			6,714,794
Pupil transportation	89,482			89,482
Business and other support services	1,339,052			1,339,052
Unallocated benefits	9,321,320	316,202		9,637,522
Capital outlay	321,916	194,815	2,333,982	2,850,713
Special schools	1,627,108			1,627,108
Total expenditures	39,492,389	2,512,560	2,333,982	44,338,931
(Deficiency) Excess of revenues (under) over expenditures	(607,638)	-	766,018	158,380
OTHER FINANCING (USES)				
Transfers out	(6,500)			(6,500)
Total other financing (uses)	(6,500)			(6,500)
Net change in fund balances	(614,138)	-	766,018	151,880
Fund balance, July 1	2,795,996	-	2,662,843	5,458,839
Fund balance, June 30	<u>\$ 2,181,858</u>	<u>\$ -</u>	<u>\$ 3,428,861</u>	<u>\$ 5,610,719</u>

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

See independent auditors' report and accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2011**

Total net change in fund balances - governmental funds (from B-2) **\$ 151,880**

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

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

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

	Capital additions	\$ 2,727,447	
	Depreciation expense	<u>(2,467,037)</u>	260,410

Repayment of long-term liabilities 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. 130,000

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 43,585

Change in net assets of governmental activities (A-2) **\$ 585,875**

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Enterprise Fund

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Assets
Enterprise Fund
June 30, 2011**

	Major Fund
	Food Service
ASSETS	
Current assets:	
Accounts receivable:	
State	\$ 1,479
Federal	70,159
Interfund	562
Inventories	10,969
Total current assets	83,169
Noncurrent assets:	
Capital assets:	
Furniture, machinery & equipment	35,068
Less accumulated depreciation	(21,758)
Total capital assets, net	13,310
Total assets	96,479
LIABILITIES	
Current liabilities:	
Accounts payable	61,244
Unearned revenue	1,147
Other current liabilities	78
Total current liabilities	62,469
NET ASSETS	
Invested in capital assets	13,310
Unrestricted	20,700
Total net assets	\$ 34,010

See independent auditors' report and accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Fund
Year Ended June 30, 2011**

	Major Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 85,355
Daily sales - non-reimbursable programs	148,468
Special functions	15,387
Total operating revenues	249,210
Operating expenses:	
Salaries	292,020
Cost of sales	159,315
Other purchased services	75,601
General supplies	75,584
Depreciation	1,794
Other expenses	136
Total operating expenses	604,450
Operating loss	(355,240)
Nonoperating revenues:	
State sources:	
State school lunch program	5,758
Federal sources:	
National school lunch program	231,034
National school breakfast program	85,602
Food donation program	27,010
Interest	39
Total nonoperating revenues	349,443
Loss before transfers	(5,797)
Transfers in - board contribution	6,500
Change in net assets	703
Total net assets—beginning of year	33,307
Total net assets—end of year	\$ 34,010

See independent auditors' report and accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Cash Flows
Enterprise Fund
Year Ended June 30, 2011**

	Major Fund
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 249,210
Payments to employees	(292,020)
Payments to suppliers	(298,053)
Net cash used in operating activities	(340,863)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from state reimbursements	7,069
Cash received from federal reimbursements	305,387
Receipts from food donation program	24,949
Receipts received in advance from point of sale	284
Cash paid to other funds	(3,365)
Transfer from other funds - board contribution	6,500
Net cash provided by noncapital financing activities	340,824
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	39
Net cash provided by investing activities	39
Net change in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ -
Reconciliation of operating loss to net cash (used in) operating activities:	
Operating loss	\$ (355,240)
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Depreciation	1,794
Increase in inventories	(979)
Increase in accounts payable	13,562
Total adjustments	14,377
Net cash (used in) operating activities	\$ (340,863)

Noncash noncapital financing activities:

The District received \$24,949 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2011.

See independent auditors' report and accompanying notes to the basic financial statements.

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Fiduciary Funds

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Private-Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 7,526	\$ 240,492
Total assets	<u>7,526</u>	<u>240,492</u>
LIABILITIES		
Interfund payable		\$ 3,594
Due to student groups		68,247
Payroll deductions and withholdings payable		168,651
Total liabilities		<u>\$ 240,492</u>
NET ASSETS		
Held in trust for scholarships	<u>\$ 7,526</u>	

See independent auditors' report and accompanying notes to the basic financial statements.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Year Ended June 30, 2011

	Private-Purpose Scholarship Fund
ADDITIONS	
Investment earnings:	
Interest	\$ 5
Total additions	5
DEDUCTIONS	
Bank service charges	156
Total deductions	156
Change in net assets	(151)
Net assets—beginning of the year	7,677
Net assets—end of the year	\$ 7,526

See independent auditors' report and accompanying notes to the basic financial statements.

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

Notes to the Basic Financial Statements

Year ended June 30, 2011

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

B. Government-wide and fund financial statements

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues, except property taxes, to be available if they are collected within six months of the end of the current fiscal period. Property taxes are considered to be available if they are collected within 60 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 and unfunded pension liabilities are recorded only when payment is due.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Property 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. All other revenue items are considered to be measurable and available only when the District receives cash.

The District has reported the following major governmental funds:

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

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 expenditure for capital outlays, including that acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds).

The District reports the following major proprietary fund:

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds of the District include the Student Activities Agency Fund, Payroll Agency Fund and Private Purpose Scholarship Trust Fund. The trust fund is reported using the economic resources measurement focus. 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.

Trust Fund: The private purpose scholarship trust fund is accounted for in essentially the same manner as governmental funds and 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.

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

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

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

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 municipality or county is required to remit to its school district the entire balance of taxes in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an “accounts receivable.”

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control (continued)

Budget amendments during the year ended June 30, 2011 were not significant and approved by the Board and the New Jersey Department of Education where required.

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, Cash Equivalents and Investments

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

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.

F. Interfund Receivables/Payables

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

G. Inventories

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2011, the unused Food Donation Program commodities of \$847 are reported as unearned revenue.

H. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements and machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their 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>Years</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

I. Compensated Absences

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

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

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

The liability for vested compensated absences of the governmental fund is recorded as a liability in the government-wide financial statements and amounted to \$1,232,617 at June 30, 2011. Upon resignation or retirement, the liability for these amounts is reported in the governmental funds.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits are accrued to employees. As of June 30, 2011, there was no liability for compensated absences.

J. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned and outstanding encumbrances. Deferred revenue in the General Fund represents tuition for Fall 2011 programs received prior to June 30, 2011.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

K. Long-Term Obligations

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

L. Fund Balances

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.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances (continued)

Of the \$2,181,858 of fund balances in the General Fund, \$290,769 of encumbrances is assigned to other purposes, \$100 has been restricted for the capital reserve, \$1,300,000 has been classified as assigned fund balance designated for subsequent years expenditures and \$590,989 is classified as unassigned.

M. Calculation of Excess Surplus

The designation for restricted fund balance – excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District did not generate excess surplus for the year ended June 30, 2011.

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 pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Q. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2011 and November 23, 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.

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 unfunded pension liability and compensated absences are not due and payable in the current period and therefore are not reported in the funds. The details of this difference are as follows:

Unfunded Pension - County	\$ 930,000
Compensated absences	<u>1,232,617</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets – governmental activities	<u>\$ 2,162,617</u>

3. Deposits and Investments

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

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

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 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.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

3. Deposits and Investments (continued)

Operating cash, in the form of Negotiable Order of Withdrawal (“NOW”) accounts, is held in the District’s name by commercial banking institutions. At June 30, 2011, the District’s carrying amount of deposits was \$5,627,703 and the bank balance was \$7,210,630. Of the bank balance, \$500,000 was secured by federal depository insurance and the remaining bank balance of \$6,710,630 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA).

Pursuant to GASB Statement No. 40, “Deposit and Investment Risk Disclosures” (“GASB 40”), the District’s operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution’s trust department or agent but not in the government’s name.

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

Investments

New Jersey statutes permit the Board to purchase the following types of investments; however there are no investments held by the District at June 30, 2011:

- 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. Bonds or other obligations of the School District.

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

Notes to the Basic Financial Statements (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	Decreases/ Transfers	Ending Balance
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 7,307,200			\$ 7,307,200
Construction in progress	1,312,983	\$ 610,456	\$ 1,266,018	657,421
Total capital assets, not being depreciated	8,620,183	610,456	1,266,018	7,964,621
<i>Capital assets, being depreciated:</i>				
Site improvements	5,403,267	556,989		5,960,256
Buildings & building improvements	73,664,150	2,460,259		76,124,409
Machinery and equipment	14,862,325	365,761		15,228,086
Total capital assets, being depreciated	93,929,742	3,383,009		97,312,751
<i>Less accumulated depreciation for:</i>				
Site improvements	(2,222,123)	(227,808)		(2,449,931)
Buildings & building improvements	(25,360,344)	(1,615,892)		(26,976,236)
Machinery and equipment	(10,986,574)	(623,337)		(11,609,911)
Total accumulated depreciation	(38,569,041)	(2,467,037)		(41,036,078)
Total capital assets, being depreciated, net	55,360,701	915,972		56,276,673
Governmental activities capital assets, net	\$ 63,980,884	\$ 1,526,428	\$ 1,266,018	\$ 64,241,294

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

Regular instruction	\$ 127,472
Vocational instruction	176,651
Student and instruction related services	94,155
School administrative services	50,932
General administrative services	25,955
Plant operations and maintenance	148,173
Unallocated depreciation	1,843,699
	<u>\$ 2,467,037</u>

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

4. Capital Assets (continued)

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

Business-type activities:

	Beginning Balance	Increases	Ending Balance
<i>Capital assets being depreciated:</i>			
Equipment	\$ 35,068		\$ 35,068
Less accumulated depreciation	(19,964)	\$ (1,794)	(21,758)
Total business-type activities capital assets, net	<u>\$ 15,104</u>	<u>\$ (1,794)</u>	<u>\$ 13,310</u>

5. Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences payable	\$ 1,276,202	\$ 316,469	\$ 360,054	\$ 1,232,617	\$ 111,466
Unfunded pension liability-county	1,060,000		130,000	930,000	140,000
Governmental activity long-term liabilities	<u>\$ 2,336,202</u>	<u>\$ 316,469</u>	<u>\$ 490,054</u>	<u>\$ 2,162,617</u>	<u>\$ 251,466</u>

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

5. Long-Term Liabilities (continued)

The District expects to liquidate the compensated absences and the payable to Middlesex County related to the unfunded pension liability with payments made from the District's general fund.

The following is a schedule of the future pension liability payments pursuant to the County bond payment schedules:

Fiscal Year Ending June 30:	Amount
2012	\$ 181,771
2013	180,647
2014	178,992
2015	176,543
2016	178,287
Thereafter	179,515
Total minimum pension payments	1,075,755
Less: amount representing interest	145,755
Present value of net minimum pension payments	\$ 930,000

Bonds Payable and Bonds Authorized but Not Issued

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

Debt issued by the County of Middlesex

Bonds for capital improvements are authorized in accordance with State law by the County of Middlesex Board of Chosen Freeholders by adopting a bond ordinance. All bonds are retired in serial installments with the statutory period of usefulness. Bonds issued by the County of Middlesex are general obligation bonds of the County of Middlesex and therefore are not recorded as debt of the District. As of June 30, 2011, debt outstanding and recorded in the financial statements of the County of Middlesex related to the District amounted to \$31,503,000.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

6. Pension Plans

Description of Systems

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

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.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

6. Pension Plans (continued)

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.

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 \$1,274,761 to the TPAF for normal costs of pension and post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,337,667 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 \$587,880, \$450,347 and \$383,427 respectively.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

7. 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.

Funding Policy

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, 2010, 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 Board of Education
of the Vocational and Technical High Schools
County of Middlesex

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

7. Post-Retirement Benefits (continued)

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 \$1,217,443, \$1,181,623 and \$1,154,005, 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.

8. Risk Management

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

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.

Medical Benefits

The District terminated its relationship during 2004 with the Middlesex County Joint Health Insurance Fund. Any resulting claims payable will be absorbed at the County level. The District is now using the State Health Benefits Plan as their health insurance provider.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

8. Risk Management (continued)

Worker's Compensation

The District was self-insured for its workers' compensation insurance through July 1, 2009. The claims administrator, Scibal Associates, established an annual rate based on expenses, projected claims and a margin for fluctuation, thereby providing a predictable monthly premium. Each month the District deposits this predetermined amount into an interest-bearing checking account. The claims are filed with Scibal and periodically the District pays those claims from this account. The cash balance in this workers' compensation account is reflected in the cash and cash equivalents and unassigned fund balance in the general fund at June 30, 2011.

The District has acquired insurance which caps an individual claim at \$350,000, thus, limiting the District's expenses on a per claims basis. The incurred and unpaid claims are reflected on the statement of net assets and general fund balance sheet as insurance claims payable.

Changes in the District's insurance claims liability amount in fiscal years 2011, 2010 and 2009 were:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2010-11	\$ 489,635	\$ (18,416)	\$ (221,024)	\$ 250,195
2009-10	631,021	380,010	(521,396)	489,635
2008-09	741,791	462,511	(573,281)	631,021

9. Deferred Compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The administrators of the District's plan are Valic and Equitable.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

10. 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	\$ 750,661	\$ 3,451,310
Special Revenue Fund		728,769
Capital Projects Fund	3,432,450	
Enterprise Fund – food service	562	
Payroll Agency Fund		3,594
	\$ 4,183,673	\$4,183,673

The interfund payable in 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 interfunds between the general fund, capital projects fund, the enterprise fund – food service and the payroll agency fund represent loans between the funds.

All interfunds are expected to be repaid within one year.

11. Economic Dependency

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

12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2011 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), relating to its capital projects. The District is required to expend funds in accordance with its approved final eligible costs. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

12. Contingent Liabilities (continued)

not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2011 may be impaired.

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

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

13. Capital Reserve Account

A capital reserve account was established by the District, in prior years, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The capital reserve balance at June 30, 2011 was \$100 and no deposits or withdrawals were made during the year ended June 30, 2011.

14. Restricted Assets

The amount classified as restricted assets (cash and cash equivalents) are funds set-aside in a capital reserve fund.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2011

15. Commitments

There was \$1,595,437 of contractual commitments at June 30, 2011 to vendors related to the ongoing construction projects recorded as restricted for capital projects in the capital projects fund.

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Required Supplementary Information – Part II

Budgetary Comparison Schedules

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 23,314,842		\$ 23,314,842	\$ 23,314,842	
Tuition Charges	875,560		875,560	667,574	\$ (207,986)
Interest Earned	85,000		85,000	4,942	(80,058)
Miscellaneous	514,100		514,100	436,942	(77,158)
Total - Local Sources	24,789,502		24,789,502	24,424,300	(365,202)
State Sources:					
Equalization Aid	10,511,381		10,511,381	10,511,381	
Special Education Categorical Aid	1,062,397		1,062,397	1,062,397	
TPAF Pension (On-Behalf - Non-Budgeted)				1,274,761	1,274,761
TPAF Social Security (Reimbursed - Non-Budgeted)				1,337,667	1,337,667
TPAF Wage Freeze Grant				22,443	22,443
Total State Sources	11,573,778		11,573,778	14,208,649	2,634,871
Federal Sources:					
Medicaid Reimbursement	58,903		58,903	41,092	(17,811)
Total Federal Sources	58,903		58,903	41,092	(17,811)
Total Revenues	36,422,183		36,422,183	38,674,041	2,251,858
EXPENDITURES:					
Current Expenditures:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	4,795,737	\$ (75,000)	4,720,737	4,705,813	14,924
Regular Programs - Home Instruction					
Salaries of Teachers	40,000		40,000	38,973	1,027
Regular Programs - Undistributed Instruction					
Other Purchased Services	2,407		2,407		2,407
Purchased Educational Services	35,000		35,000	29,698	5,302
General Supplies	142,500	55,000	197,500	176,974	20,526
Textbooks	97,950	22,307	120,257	114,419	5,838
Other Objects	2,500		2,500	305	2,195
Total Regular Programs - Instruction	5,116,094	2,307	5,118,401	5,066,182	52,219
Bilingual Education - Instruction					
Salaries of Teachers	151,362	(27,500)	123,862	110,215	13,647
General Supplies	3,820		3,820	618	3,202
Total Bilingual Education - Instruction	155,182	(27,500)	127,682	110,833	16,849
Regular Vocational Programs - Local - Instruction					
Salaries of Teachers	2,855,805	7,500	2,863,305	2,856,591	6,714
Purchased Professional-Educational Services	15,000		15,000	9,650	5,350
Other Purchased Services	393,350	62,500	455,850	450,210	5,640
General Supplies	409,600	15,882	425,482	409,048	16,434
Textbooks	42,450	27	42,477	32,542	9,935
Other Objects	2,500		2,500	2,240	260
Total Regular Vocational Programs - Local - Instruction	3,718,705	85,909	3,804,614	3,760,281	44,333
Special Vocational Programs - Local - Instruction					
Salaries of Teachers	3,715,568	(140,000)	3,575,568	3,564,397	11,171
Purchased Professional-Educational Services	5,000		5,000	5,000	5,000
Other Purchased Services	162,785	(7,500)	155,285	142,955	12,330
General Supplies	214,537	512	215,049	203,967	11,082
Textbooks	38,000	12,000	50,000	46,482	3,518
Other Objects	2,500		2,500	1,000	1,500
Total Special Vocational Programs - Local - Instruction	4,138,390	(134,988)	4,003,402	3,958,801	44,601

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Co curricular Actvts. - Instruction					
Salaries	\$ 92,515	\$ 7,500	\$ 100,015	\$ 86,727	\$ 13,288
General Supplies	7,500		7,500	1,475	6,025
Other Objects	15,000		15,000	4,543	10,457
Transfers to Cover Deficit (Agency Funds)	2,000		2,000		2,000
Total School-Spon. Co curricular Actvts. - Instruction	<u>117,015</u>	<u>7,500</u>	<u>124,515</u>	<u>92,745</u>	<u>31,770</u>
School-Spon. Athletics - Instruction					
Salaries	225,780	17,500	243,280	239,797	3,483
Supplies and Materials	76,900	11,092	87,992	82,715	5,277
Other Objects	17,500	5,000	22,500	21,013	1,487
Total School-Spon. Athletics - Instruction	<u>320,180</u>	<u>33,592</u>	<u>353,772</u>	<u>343,525</u>	<u>10,247</u>
Total Instruction	<u>13,565,566</u>	<u>(33,180)</u>	<u>13,532,386</u>	<u>13,332,367</u>	<u>200,019</u>
Undistributed Expenditures:					
Undist. Expend. - Health Services					
Salaries	441,030	(85,000)	356,030	340,301	15,729
Purchased Professional Services	20,000	2,500	22,500	20,245	2,255
Supplies and Materials	16,000	(2,500)	13,500	11,758	1,742
Other Objects	500		500	359	141
Total Undistributed Expenditures - Health Services	<u>477,530</u>	<u>(85,000)</u>	<u>392,530</u>	<u>372,663</u>	<u>19,867</u>
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries of Other Professional Staff	169,869	(30,000)	139,869	136,007	3,862
Educational Services	3,000		3,000		3,000
Supplies and Materials	3,000		3,000	1,222	1,778
Total Undist. Expend.-Other Supp. Serv. Students-Related Serv.	<u>175,869</u>	<u>(30,000)</u>	<u>145,869</u>	<u>137,229</u>	<u>8,640</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	905,945	(37,500)	868,445	835,542	32,903
Salaries of Secretarial and Clerical Assistants	191,626		191,626	184,112	7,514
Other Purchased Services	12,500		12,500	237	12,263
Supplies and Materials	17,500	7,500	25,000	18,753	6,247
Other Objects	11,500		11,500	1,524	9,976
Total Undist. Expend. - Guidance	<u>1,139,071</u>	<u>(30,000)</u>	<u>1,109,071</u>	<u>1,040,168</u>	<u>68,903</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	728,217	(5,000)	723,217	700,391	22,826
Other Purchased Services	7,900		7,900	1,600	6,300
Supplies and Materials	7,700	7,000	14,700	11,136	3,564
Other Objects	5,250	(2,000)	3,250		3,250
Total Undist. Expend. - Child Study Teams	<u>749,067</u>	<u>-</u>	<u>749,067</u>	<u>713,127</u>	<u>35,940</u>
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	363,644		363,644	352,122	11,522
Salaries of Other Professional Staff	24,313	15,000	39,313	36,810	2,503
Salaries of Secretarial and Clerical Assistants	130,344	(5,000)	125,344	118,540	6,804
Purchased Professional - Educational Services	875		875		875
Other Purchased Prof. and Tech. Services	650		650	462	188
Other Purchased Services	6,500		6,500	1,142	5,358
Supplies and Materials	19,000	556	19,556	13,022	6,534
Other Objects	1,900		1,900	645	1,255
Total Undist. Expend. - Improvement of Inst. Serv.	<u>547,226</u>	<u>10,556</u>	<u>557,782</u>	<u>522,743</u>	<u>35,039</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	357,154	(5,000)	352,154	346,052	6,102
Supplies and Materials	50,000		50,000	45,238	4,762
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>407,154</u>	<u>(5,000)</u>	<u>402,154</u>	<u>391,290</u>	<u>10,864</u>

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	\$ 53,734		\$ 53,734	\$ 48,734	\$ 5,000
Salaries of Secretarial and Clerical Assistants	21,709		21,709	15,716	5,993
Purchased Professional - Educational Services	10,875	\$ 5,000	15,875	11,250	4,625
Other Purchased Prof. and Tech. Services	650		650		650
Other Purchased Services	13,500		13,500	8,578	4,922
Supplies and Materials	3,000		3,000	553	2,447
Other Objects	2,000		2,000		2,000
Total Undist. Expend. - Instructional Staff Training Serv.	105,468	5,000	110,468	84,831	25,637
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	442,702	22,500	465,202	463,288	1,914
Other Purchased Professional Services	111,400	68,400	179,800	114,308	65,492
Purchased Technical Services	45,000		45,000	32,938	12,062
Communications/Telephone	340,400		340,400	322,424	17,976
BOE Other Purchased Services	7,500		7,500	72	7,428
Other Purchased Services	152,320	(12,500)	139,820	125,324	14,496
Supplies and Materials	25,000	7,905	32,905	30,661	2,244
BOE Meeting Supplies	4,000		4,000	1,484	2,516
Miscellaneous Expenditures	48,275	10,000	58,275	56,397	1,878
BOE Membership Dues and Fees	35,000		35,000	29,315	5,685
Total Undist. Expend. - Supp. Serv. - General Admin.	1,211,597	96,305	1,307,902	1,176,211	131,691
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	1,290,615	25,000	1,315,615	1,310,718	4,897
Salaries of Other Professional Staff	91,919		91,919	88,527	3,392
Salaries of Secretarial and Clerical Assistants	881,142	(55,000)	826,142	809,241	16,901
Purchased Professional and Technical Services	500		500		500
Other Purchased Services	25,500		25,500	8,276	17,224
Supplies and Materials	102,300		102,300	82,143	20,157
Other Objects	20,000		20,000	9,183	10,817
Total Undist. Expend. - Support Serv. - School Admin.	2,411,976	(30,000)	2,381,976	2,308,088	73,888
Undist. Expend. - Support Serv.-Central Services					
Salaries	739,909		739,909	721,653	18,256
Purchased Professional Services	500		500		500
Purchased Technical Services	500		500		500
Other Purchased Services	50,400		50,400	22,420	27,980
Supplies and Materials	28,000	499	28,499	26,066	2,433
Interest for Lease Purchase Agreements	100		100		100
Other Objects	4,000		4,000	1,910	2,090
Total Undist. Expend. - Support Serv.-Central Services	823,409	499	823,908	772,049	51,859
Undist. Expend. - Support Serv. - Admin. Info. Technology					
Salaries	367,057		367,057	350,553	16,504
Purchased Professional Services	1,000		1,000		1,000
Purchased Technical Services	4,500	9,104	13,604	7,560	6,044
Other Purchased Services	12,500		12,500	2,115	10,385
Supplies and Materials	80,500	140,000	220,500	206,660	13,840
Other Objects	1,000		1,000	115	885
Total Undist. Expend. - Support Serv.- Admin. Info. Technology	466,557	149,104	615,661	567,003	48,658
Undist. Expend. - Required Maint. For Sch. Facilities					
Salaries	460,463		460,463	438,504	21,959
Cleaning, Repair and Maintenance Services	409,714	214,838	624,552	464,749	159,803
General Supplies	109,500	10,000	119,500	87,274	32,226
Total Undist. Expend. - Required Maint. For Sch. Facilities	979,677	224,838	1,204,515	990,527	213,988

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	\$ 1,653,085	\$ (12,500)	\$ 1,640,585	\$ 1,617,466	\$ 23,119
Purchased Professional and Technical Services	275,000	128,800	403,800	387,133	16,667
Cleaning, Repair and Maintenance Services	464,423	(105,375)	359,048	305,944	53,104
Other Purchased Property Services	88,672	25,000	113,672	100,944	12,728
Insurance	197,500	(7,500)	190,000	173,875	16,125
Miscellaneous Purchased Services	5,000		5,000	4,875	125
General Supplies	172,500	20,000	192,500	184,933	7,567
Energy (Natural Gas)	741,555		741,555	689,681	51,874
Energy (Electricity)	1,695,050	(65,000)	1,630,050	1,563,734	66,316
Other Objects	15,000		15,000	11,764	3,236
Total Undist. Expend. - Other Oper. & Maint. Of Plant	5,307,785	(16,575)	5,291,210	5,040,349	250,861
Care and Upkeep of Grounds					
Salaries	387,188		387,188	375,005	12,183
Purchased Professional and Technical Services	500		500		500
Cleaning, Repair and Maintenance Services	45,000	79,170	124,170	101,092	23,078
General Supplies	30,000	40,000	70,000	55,384	14,616
Other Objects	1,000		1,000		1,000
Total Care and Upkeep of Grounds	463,688	119,170	582,858	531,481	51,377
Security					
Purchased Professional and Technical Services	135,000	25,000	160,000	152,437	7,563
Cleaning, Repair and Maintenance Services	15,000	(12,500)	2,500		2,500
General Supplies	5,000		5,000		5,000
Other Objects	1,000		1,000		1,000
Total Security	156,000	12,500	168,500	152,437	16,063
Undist. Expend. - Student Transportation Serv.					
Contract Services (Other than Between Home & Sch)-Vendors	131,165		131,165	89,482	41,683
Total Undist. Expend. - Student Transportation Serv.	131,165		131,165	89,482	41,683
Unallocated Benefits					
Social Security Contributions	494,000		494,000	453,802	40,198
T.P.A.F. Contributions - ERIP	157,000		157,000	155,922	1,078
Other Retirement Contributions - Regular	425,000	165,000	590,000	587,880	2,120
Other Retirement Contributions - ERIP	23,000		23,000	21,281	1,719
Unemployment Compensation	180,000		180,000	115,000	65,000
Workmen's Compensation	404,500	50,000	454,500	321,247	133,253
Health Benefits	5,440,321	(320,000)	5,120,321	5,021,284	99,037
Tuition Reimbursement	45,000		45,000	32,476	12,524
Total Unallocated Benefits	7,168,821	(105,000)	7,063,821	6,708,892	354,929
On-behalf TPAF Pension Contributions (non-budgeted)				1,274,761	(1,274,761)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,337,667	(1,337,667)
Total On-behalf Contributions				2,612,428	(2,612,428)
Total Personal Services-Employee Benefits	7,168,821	(105,000)	7,063,821	9,321,320	(2,257,499)
Total Undistributed Expenditures	22,722,060	316,397	23,038,457	24,210,998	(1,172,541)
Total General Current Expense	36,287,626	283,217	36,570,843	37,543,365	(972,522)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services					
Purchased Professional and Technical Services		10,316	10,316	10,316	
Construction Services		188,333	188,333	188,333	
Other Objects	123,267		123,267	123,267	
Total Facilities Acquisition and Construction Services	123,267	198,649	321,916	321,916	-
Total Capital Outlay	123,267	198,649	321,916	321,916	-

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Schools:					
Post - Secondary Programs - Instruction					
Salaries of Teachers	\$ 809,650	\$ 22,000	\$ 831,650	\$ 831,577	\$ 73
Purchased Prof. and Tech. Services	5,800		5,800	1,100	4,700
Other Purchased Services	5,200		5,200		5,200
General Supplies	65,500	(5,000)	60,500	38,187	22,313
Textbooks	4,675	5,000	9,675	2,404	7,271
Other Objects	3,200		3,200	320	2,880
Total Post - Secondary Programs - Instruction	894,025	22,000	916,025	873,588	42,437
Post - Secondary Programs - Support Services					
Salaries	113,597		113,597	105,195	8,402
Other Purchased Services	2,000		2,000	240	1,760
Supplies and Materials	4,000		4,000	679	3,321
Other Objects	2,000		2,000	134	1,866
Total Post - Secondary Programs - Support Services	121,597		121,597	106,248	15,349
Total Post - Secondary Programs	1,015,622	22,000	1,037,622	979,836	57,786
Accred. Even./Adult H.S./Post-Grad.-Inst.					
Salaries of Teachers	151		151		151
General Supplies	100		100		100
Textbooks	100		100		100
Total Accred. Even./Adult H.S./Post-Grad.-Inst.	351		351		351
Accred. Even./Adult H.S./Post-Grad.-Supp. Service					
Salaries	100		100		100
General Supplies	100		100		100
Other Objects	100		100		100
Total Accred. Even./Adult H.S./Post-Grad.-Supp. Service	300		300		300
Total Accred. Even./Adult H.S./Post-Grad.	651		651		651
Vocational Evening-Local-Instruction					
Salaries of Teachers	425,571	(72,000)	353,571	208,998	144,573
Other Salaries for Instruction	5,000		5,000		5,000
General Supplies	94,900	(3,320)	91,580	23,852	67,728
Textbooks	16,300		16,300	5,374	10,926
Total Vocational Evening-Local-Instruction	541,771	(75,320)	466,451	238,224	228,227
Vocational Evening-Local-Support Serv.					
Salaries	341,246	50,000	391,246	363,037	28,209
Supplies and Materials	23,750	5,000	28,750	23,171	5,579
Other Objects	28,250		28,250	22,840	5,410
Total Vocational Evening-Local-Support Serv.	393,246	55,000	448,246	409,048	39,198
Total Vocational Evening-Local	935,017	(20,320)	914,697	647,272	267,425
Total Special Schools	1,951,290	1,680	1,952,970	1,627,108	325,862
Total Expenditures	38,362,183	483,546	38,845,729	39,492,389	(646,661)

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Deficiency) Excess of Revenues (Under) Over Expenditures	\$ (1,940,000)	\$ (483,546)	\$ (2,423,546)	\$ (818,348)	\$ 1,605,198
Other Financing (Uses):					
Transfer to Food Service Fund	(10,000)		(10,000)	(6,500)	3,500
Total Other Financing (Uses):	(10,000)		(10,000)	(6,500)	3,500
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing (Uses)	(1,950,000)	(483,546)	(2,433,546)	(824,848)	1,608,698
Fund Balance, July 1	4,151,749		4,151,749	4,151,749	
Fund Balance, June 30	<u>\$ 2,201,749</u>	<u>\$ (483,546)</u>	<u>\$ 1,718,203</u>	<u>\$ 3,326,901</u>	<u>\$ 1,608,698</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing uses					
Budgeted fund balance	\$ (1,950,000)		\$ (1,950,000)	\$ (341,302)	\$ 1,608,698
Adjustment for prior year encumbrances		\$ (483,546)	(483,546)	(483,546)	
Total	<u>\$ (1,950,000)</u>	<u>\$ (483,546)</u>	<u>\$ (2,433,546)</u>	<u>\$ (824,848)</u>	<u>\$ 1,608,698</u>
Recapitulation of fund balance:					
Restricted Fund Balance:					
Capital reserve account - restricted				\$ 100	
Assigned Fund Balance:					
Year-end encumbrances - assigned				290,769	
Designated for subsequent year's expenditures - assigned				1,300,000	
Unassigned Fund Balance				<u>1,736,032</u>	
				3,326,901	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				(1,145,043)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,181,858</u>	

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
Special Revenue Fund
Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 536,105		\$ 536,105	\$ 277,143	\$ (258,962)
State Sources	56,188		56,188	55,423	(765)
Federal Sources	2,171,978	\$ 129,129	2,301,107	2,179,994	(121,113)
Total Revenues	<u>2,764,271</u>	<u>129,129</u>	<u>2,893,400</u>	<u>2,512,560</u>	<u>(380,840)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	827,469	36,566	864,035	667,086	196,949
Purchased Professional and Technical Services	92,483	(41,989)	50,494	25,369	25,125
General Supplies	309,771	25,119	334,890	304,276	30,614
Total Instruction	<u>1,229,723</u>	<u>19,696</u>	<u>1,249,419</u>	<u>996,731</u>	<u>252,688</u>
Support Services					
Salaries of Other Professional Staff	685,362	87,883	773,245	771,602	1,643
Personal Services - Employee Benefits	335,607	33,825	369,432	316,202	53,230
Other Purchased Professional Services	172,233	18,982	191,215	127,693	63,522
Travel	2,216	-	2,216	1,824	392
Transportation	300	-	300	-	300
Other Purchased Services	41,335	(10,000)	31,335	29,535	1,800
Supplies & Materials	22,897	(12,977)	9,920	12,958	(3,038)
Other Objects	68,000	-	68,000	61,200	6,800
Total Support Services	<u>1,327,950</u>	<u>117,713</u>	<u>1,445,663</u>	<u>1,321,014</u>	<u>124,649</u>
Facilities Acquisition and Construction Services					
Instructional Equipment	206,598	(8,280)	198,318	194,815	3,503
Total Facilities Acquisition and Construction Services	<u>206,598</u>	<u>(8,280)</u>	<u>198,318</u>	<u>194,815</u>	<u>3,503</u>
Total Expenditures	<u>2,764,271</u>	<u>129,129</u>	<u>2,893,400</u>	<u>2,512,560</u>	<u>380,840</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
Budget to GAAP Reconciliation
Year Ended June 30, 2011**

**Note A - 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 basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 38,674,041	[C-2] \$ 2,512,560
Difference - budget to GAAP:		
State aid payments recognized for budgetary purposes, not recognized for GAAP statements		
Prior year	1,355,753	
Current year	(1,145,043)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 38,884,751</u>	[B-2] <u>\$ 2,512,560</u>

Other Supplementary Information

Special Revenue Fund Detail Statements

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2011

	Total Brought Forward (Ex. E-1a)	Title I Part A Regular Program	Title I Part A Summer Carryover	Title I SIA Regular Program	Title I SIA Summer Carryover	Title II Part A Regular Program	Title I SIA ARRA	Math In CTE Program	Totals
REVENUES:									
Local Sources	\$ 277,143								\$ 277,143
State Sources	55,423								55,423
Federal Sources	1,522,966	\$ 332,225	\$ 88,962	\$ 256	\$ 17,478	\$ 59,676	\$ 11,943	\$ 146,488	2,179,994
Total Revenues	\$ 1,855,532	\$ 332,225	\$ 88,962	\$ 256	\$ 17,478	\$ 59,676	\$ 11,943	\$ 146,488	\$ 2,512,560
EXPENDITURES:									
Instruction									
Salaries of Teachers	\$ 454,048	\$ 195,723	\$ 17,315						\$ 667,086
Purchased Professional and Technical Services	2,150	17,664	5,555						25,369
General Supplies	234,012	24,650	15,937	\$ 256	\$ 17,478		\$ 11,943		304,276
Total Instruction	690,210	238,037	38,807	256	17,478		11,943		996,731
Support Services									
Salaries of Other Professional Staff	668,977					\$ 49,647		\$ 52,978	771,602
Personal Services - Employee Benefits	249,845	39,245	1,325			10,029		15,758	316,202
Other Purchased Professional & Technical Services	23,920	54,943	48,830						127,693
Travel	1,241							583	1,824
Other Purchased Services	22,935							6,600	29,535
Supplies & Materials	3,589							9,369	12,958
Other Objects								61,200	61,200
Total Support Services	970,507	94,188	50,155			59,676		146,488	1,321,014
Facilities Acquisition and Construction Services									
Instructional Equipment	194,815								194,815
Total Facilities Acquisition and Construction Services	194,815								194,815
Total Expenditures	\$ 1,855,532	\$ 332,225	\$ 88,962	\$ 256	\$ 17,478	\$ 59,676	\$ 11,943	\$ 146,488	\$ 2,512,560

The Board of Education
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County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2011

	Total Brought Forward (Ex. E-1b)	Carl Perkins Entitlement Secondary Program	Carl Perkins Entitlement Postsecondary Program	I.D.E.A. Part B Regular Program	I.D.E.A. Part B Summer Carryover	Apprentice Coordinator Program	I.D.E.A. Part B ARRA	Title I Part A ARRA	CSH Grant	Total Carried Forward
REVENUES:										
Local Sources	\$ 277,143									\$ 277,143
State Sources						\$ 15,423			\$ 40,000	55,423
Federal Sources		\$ 487,378	\$ 83,454	\$ 556,783	\$ 11,587		\$ 317,506	\$ 66,258		1,522,966
Total Revenues	\$ 277,143	\$ 487,378	\$ 83,454	\$ 556,783	\$ 11,587	\$ 15,423	\$ 317,506	\$ 66,258	\$ 40,000	\$ 1,855,532
EXPENDITURES:										
Instruction										
Salaries of Teachers	\$ 150,480	\$ 108,535		\$ 186,770			\$ 8,263			\$ 454,048
Purchased Professional and Technical Services	2,000			150						2,150
General Supplies	12,083	125,209	\$ 50,486	33,647	\$ 11,587			\$ 1,000		234,012
Total Instruction	164,563	233,744	50,486	220,567	11,587		8,263	1,000		690,210
Support Services										
Salaries of Other Professional Staff	48,550	43,663		239,719		\$ 15,032	239,131	42,882	\$ 40,000	668,977
Personal Services - Employee Benefits	41,695	44,874		91,209			65,789	6,278		249,845
Other Purchased Professional & Technical Services	1,300			2,950			3,800	15,870		23,920
Travel		850				391				1,241
Other Purchased Services	20,535	2,400								22,935
Supplies & Materials	500			2,338			523	228		3,589
Total Support Services	112,580	91,787		336,216		15,423	309,243	65,258	40,000	970,507
Facilities Acquisition and Construction Services										
Instructional Equipment		161,847	32,968							194,815
Facilities Acquisition and Construction Services		161,847	32,968							194,815
Total Expenditures	\$ 277,143	\$ 487,378	\$ 83,454	\$ 556,783	\$ 11,587	\$ 15,423	\$ 317,506	\$ 66,258	\$ 40,000	\$ 1,855,532

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2011

	Lowes Educational Grant	Walmart Community Grant	PSA Contest	NJSBAIG Safety Grant	J&J Internship Grant	Mini Arts Grant	Inmate Education		Alcohol Adolescents Program	Total Carried Forward
							Regular Program	Carryover		
REVENUES:										
Local Sources	\$ 2,664	\$ 500	\$ 1,300	\$ 20,535	\$ 8,550	\$ 2,000	\$ 100,485	\$ 101,109	\$ 40,000	\$ 277,143
Total Revenues	<u>\$ 2,664</u>	<u>\$ 500</u>	<u>\$ 1,300</u>	<u>\$ 20,535</u>	<u>\$ 8,550</u>	<u>\$ 2,000</u>	<u>\$ 100,485</u>	<u>\$ 101,109</u>	<u>\$ 40,000</u>	<u>\$ 277,143</u>
EXPENDITURES										
Instruction										
Salaries of Teachers							\$ 75,240	\$ 75,240		\$ 150,480
Purchased Professional and Technical Services						\$ 2,000				2,000
General Supplies	\$ 2,664						3,853	5,566		12,083
Total Instruction	<u>2,664</u>					<u>2,000</u>	<u>79,093</u>	<u>80,806</u>		<u>164,563</u>
Support Services										
Salaries of Other Professional Staff					\$ 8,550				\$ 40,000	48,550
Personal Services - Employee Benefits							21,392	20,303		41,695
Other Purchased Professional & Technical Services			\$ 1,300							1,300
Other Purchased Services				\$ 20,535						20,535
Supplies & Materials		\$ 500								500
Total Support Services		<u>500</u>	<u>1,300</u>	<u>20,535</u>	<u>8,550</u>		<u>21,392</u>	<u>20,303</u>	<u>40,000</u>	<u>112,580</u>
Total Expenditures	<u>\$ 2,664</u>	<u>\$ 500</u>	<u>\$ 1,300</u>	<u>\$ 20,535</u>	<u>\$ 8,550</u>	<u>\$ 2,000</u>	<u>\$ 100,485</u>	<u>\$ 101,109</u>	<u>\$ 40,000</u>	<u>\$ 277,143</u>

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Capital Projects Fund Detail Statements

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Summary Schedule of Project Expenditures - Budgetary Basis
Year Ended June 30, 2011

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2011
			Prior Years	Current Year	
Construction of the Perth Amboy Vocational School and the related site acquisition and improvements	9/3/1998	\$ 31,442,005	\$ 31,442,005		
Construction of the Vocational and Technical Academy at Middlesex County College - Academy of Science and Math Construction	9/3/1998	5,534,501	5,534,501		
Capital Outlay - County	7/1/2009	3,000,000	337,157	\$ 2,084,579	\$ 578,264
Capital Outlay - County	7/1/2010	3,100,000		249,403	2,850,597
		<u>\$ 43,076,506</u>	<u>\$ 37,313,663</u>	<u>\$ 2,333,982</u>	<u>\$ 3,428,861</u>

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance-Budgetary Basis
Year Ended June 30, 2011

Revenue and Other Financing Sources	
County Capital Contribution	\$ 3,100,000
Total Revenue and Other Financing Sources	<u>3,100,000</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	178,342
Construction Services	1,963,421
Other Objects	21,274
Equipment Purchases	170,945
Total Expenditures and Other Financing Uses	<u>2,333,982</u>
Excess of revenues over expenditures	766,018
Fund Balance - Beginning - July 1	<u>2,662,843</u>
Fund Balance - Ending - June 30	<u>\$ 3,428,861</u>

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Academy of Science and Math Construction
Year Ended June 30, 2011**

	Prior Periods	Current Year	Totals
Revenue and Other Financing Sources			
State Sources - SDA Grants	\$ 2,340,000		\$ 2,340,000
Inter Governmental Transfers from County Capital Contribution	3,194,501		3,194,501
Total Revenue and Other Financing Sources	<u>5,534,501</u>		<u>5,534,501</u>
Expenditures			
Purchased Professional and Technical Services	708,822		708,822
Land and Improvements	2,150		2,150
Construction Services	4,123,194		4,123,194
Supplies	189,826		189,826
Other Objects	9,267		9,267
Equipment Purchases	501,242		501,242
Total Expenditures	<u>5,534,501</u>		<u>5,534,501</u>
Excess (deficiency) or revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:			
Project Number	SP-99494-1		
Grant Date	2/1/2002		
Bond Authorization Date	NA		
Bonds Authorized	NA		
Bonds Issued	NA		
Original Eligible Cost	\$ 5,850,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 5,850,000		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completion	100%		
Original Target Completion Date	Jun-00		
Revised Target Completion Date	Oct-00		

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Perth Amboy School Construction
Year Ended June 30, 2011**

	Prior Periods	Current Year	Totals
Revenue and Other Financing Sources			
State Sources - SDA Grants	\$ 11,490,597		\$ 11,490,597
Inter Governmental Transfers from County Capital Contribution	19,951,408		19,951,408
Total Revenue and Other Financing Sources	<u>31,442,005</u>		<u>31,442,005</u>
Expenditures and Other Financing Uses			
Purchased Professional and Technical Services	5,117,477		5,117,477
Land and Improvements	3,107,231		3,107,231
Construction Services	21,617,966		21,617,966
Supplies	930,744		930,744
Other Objects	137,793		137,793
Equipment Purchases	388,490		388,490
Project Close out	142,304		142,304
Total Expenditures and Other Financing Uses	<u>31,442,005</u>		<u>31,442,005</u>
Excess (deficiency) or revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:			
Project Number	SP-200672		
Grant Date	2/1/2002		
Bond Authorization Date	NA		
Bonds Authorized	NA		
Bonds Issued	NA		
Original Eligible Cost	\$ 28,726,494		
Additional Eligible Cost	2,715,511		
Revised Eligible Cost	\$ 31,442,005		
Percentage Increase over Original			
Authorized Cost	9.45%		
Percentage Completion	100%		
Original Target Completion Date	Oct-03		
Revised Target Completion Date	Apr-04		

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2011**

	Prior Periods	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution	\$ 3,000,000		\$ 3,000,000
Total Revenue and Other Financing Sources	<u>3,000,000</u>		<u>3,000,000</u>
Expenditures			
Purchased Professional and Technical Services	142,884	\$ 111,198	254,082
Construction Services	36,570	1,963,421	1,999,991
Other Objects	24,023	2,901	26,924
Equipment Purchases	133,680	7,059	140,739
Total Expenditures	<u>337,157</u>	<u>2,084,579</u>	<u>2,421,736</u>
Excess (deficiency) or revenues Over (under) expenditures	<u>\$ 2,662,843</u>	<u>\$ (2,084,579)</u>	<u>\$ 578,264</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 3,000,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 3,000,000		
Percentage Increase over Original			
Authorized Cost		0.00%	
Percentage Completion		81%	
Original Target Completion Date		Jun-11	
Revised Target Completion Date		Jun-12	

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2011**

	Prior Periods	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution		\$ 3,100,000	\$ 3,100,000
Total Revenue and Other Financing Sources		<u>3,100,000</u>	<u>3,100,000</u>
Expenditures			
Purchased Professional and Technical Services		67,144	67,144
Other Objects		18,373	18,373
Equipment Purchases		<u>163,886</u>	<u>163,886</u>
Total Expenditures		<u>249,403</u>	<u>249,403</u>
Excess (deficiency) or revenues Over (under) expenditures		<u>\$ 2,850,597</u>	<u>\$ 2,850,597</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$	3,100,000	
Additional Eligible Cost			
Revised Eligible Cost	\$	3,100,000	
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		8%	
Original Target Completion Date		Jun-12	
Revised Target Completion Date		Jun-13	

Fiduciary Funds Detail Statements

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011**

	Trust	Agency		Total Agency
	Private-Purpose Scholarship Fund	Student Activity	Payroll	
ASSETS				
Cash and cash equivalents	\$ 7,526	\$ 68,247	\$ 172,245	\$ 240,492
Total assets	<u>7,526</u>	<u>\$ 68,247</u>	<u>\$ 172,245</u>	<u>\$ 240,492</u>
LIABILITIES				
Interfund payable			\$ 3,594	\$ 3,594
Payable to student groups		\$ 68,247		68,247
Payroll deductions and withholdings payable			168,651	168,651
Total liabilities		<u>\$ 68,247</u>	<u>\$ 172,245</u>	<u>\$ 240,492</u>
NET ASSETS				
Held in trust for scholarships	<u>7,526</u>			
Total net assets	<u>\$ 7,526</u>			

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Year Ended June 30, 2011

	Private-Purpose Scholarship Fund
ADDITIONS	
Investment earnings:	
Interest	\$ 5
Total additions	5
DEDUCTIONS	
Bank service charges	156
Total deductions	156
Change in net assets	(151)
Net assets—beginning of the year	7,677
Net assets—end of the year	\$ 7,526

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Schedule of Cash Receipts and Cash Disbursements
Student Activity Agency Fund
Year Ended June 30, 2011**

Schools	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
Perth Amboy	\$ 6,336	\$ 27,949	\$ 30,666	\$ 3,619
East Brunswick	34,573	51,777	58,532	27,818
Woodbridge	3,881	35,204	33,286	5,799
Piscataway	9,030	31,620	32,331	8,319
The Academy	21,020	44,309	42,637	22,692
Total all schools	\$ 74,840	\$ 190,859	\$ 197,452	\$ 68,247

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Schedule of Cash Receipts and Cash Disbursements
Payroll Agency Fund
Year Ended June 30, 2011**

	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
Assets:				
Cash and cash equivalents	\$ 247,097	\$ 11,949,758	\$ 12,024,610	\$ 172,245
Total assets	<u>\$ 247,097</u>	<u>\$ 11,949,758</u>	<u>\$ 12,024,610</u>	<u>\$ 172,245</u>
Liabilities:				
Payroll deductions and withholdings payable	\$ 243,128	\$ 11,933,429	\$ 12,007,906	\$ 168,651
Interfund payable	<u>3,969</u>	<u>16,329</u>	<u>16,704</u>	<u>3,594</u>
Total liabilities	<u>\$ 247,097</u>	<u>\$ 11,949,758</u>	<u>\$ 12,024,610</u>	<u>\$ 172,245</u>

Statistical Section

Statistical Section
Unaudited

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the 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 district-wide information include information beginning in that year. Ten years of information has been provided where available.*

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets	\$ 61,396,600	\$ 60,930,466	\$ 60,127,171	\$ 60,433,060	\$ 63,295,239	\$ 63,789,054	\$ 63,980,883	\$ 64,241,294
Restricted	171,979	147,394	706,821	718,053	875,222	1,589,750	3,397,498	3,428,961
Unrestricted (deficit)	2,145,622	2,698,159	4,541,888	5,905,342	2,893,086	2,206,259	(274,861)	19,141
Total governmental activities net assets	<u>\$ 63,714,201</u>	<u>\$ 63,776,019</u>	<u>\$ 65,375,880</u>	<u>\$ 67,056,455</u>	<u>\$ 67,063,547</u>	<u>\$ 67,585,063</u>	<u>\$ 67,103,520</u>	<u>\$ 67,689,396</u>
Business-type activities								
Invested in capital assets	\$ 3,535	\$ 2,207	\$ 1,947	\$ 1,687	\$ 1,428	\$ 1,168	\$ 15,104	\$ 13,310
Unrestricted	9,547	10,154	1,353	1,430	2,009	1,310	18,203	20,700
Total business-type activities net assets	<u>\$ 13,082</u>	<u>\$ 12,361</u>	<u>\$ 3,300</u>	<u>\$ 3,117</u>	<u>\$ 3,437</u>	<u>\$ 2,478</u>	<u>\$ 33,307</u>	<u>\$ 34,010</u>
District-wide								
Invested in capital assets	\$ 61,400,135	\$ 60,932,673	\$ 60,129,118	\$ 60,434,747	\$ 63,296,667	\$ 63,790,222	\$ 63,995,987	\$ 64,254,604
Restricted	171,979	147,394	706,821	718,053	875,222	1,589,750	3,397,498	3,428,961
Unrestricted (deficit)	2,155,169	2,708,313	4,543,241	5,906,772	2,895,095	2,207,569	(256,658)	39,841
Total district net assets	<u>\$ 63,727,283</u>	<u>\$ 63,788,380</u>	<u>\$ 65,379,180</u>	<u>\$ 67,059,572</u>	<u>\$ 67,066,984</u>	<u>\$ 67,587,541</u>	<u>\$ 67,136,827</u>	<u>\$ 67,723,406</u>

Source: CAFR Schedule A-1 and District records.

Note: This table was required with the implementation of GASB 44 in the 2006 fiscal year. This information is presented back to the year information was available and additional years will be added until ten years are presented.

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

	Fiscal Year Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Expenses								
Governmental activities								
Instruction								
Regular	\$ 7,776,472	\$ 7,801,676	\$ 7,850,116	\$ 8,112,328	\$ 7,118,689	\$ 7,002,223	\$ 6,372,781	\$ 6,517,010
Special education	156,056	151,288	165,193	196,553	177,318	194,918	186,238	191,490
Other instruction	11,029,468	11,573,325	10,993,634	11,231,490	10,923,054	10,977,372	10,462,124	10,699,433
Adult/continuing education programs	570,248	540,165	538,214	545,128	516,872	496,988	550,405	604,191
Support Services:								
Support services - students & instruction	5,700,459	5,839,958	5,272,776	5,606,792	5,248,588	5,160,120	5,408,252	5,332,461
School administrative services	3,362,272	3,849,331	3,680,418	3,827,102	3,401,818	3,539,456	3,291,365	3,681,962
General administrative services	1,392,144	1,337,274	1,464,722	1,215,050	1,372,741	1,223,497	1,530,668	1,482,258
Plant operations and maintenance	7,977,047	7,150,030	7,507,535	7,457,307	6,793,819	6,668,201	6,164,014	6,078,508
Pupil transportation	89,482	94,530	130,297	140,779	179,890	311,404	139,779	103,754
Other Support Services	1,782,884	1,805,929	1,654,516	1,720,977	1,595,052	1,487,712	1,591,552	819,622
Special Schools	2,224,705	2,981,975	2,981,500	3,224,744	3,166,393	2,909,936	2,695,973	2,907,561
Unallocated depreciation	1,843,699	1,784,089	1,750,417	1,685,219	1,607,034	1,513,517	1,576,043	1,162,631
Total governmental activities expenses	43,904,936	44,909,570	43,989,338	44,963,469	42,101,268	41,485,344	39,969,194	39,580,881
Business-type activities:								
Food service	604,450	622,131	637,771	680,915	735,140	689,531	617,464	613,302
Total business-type activities expense	604,450	622,131	637,771	680,915	735,140	689,531	617,464	613,302
Total district expenses	\$ 44,509,386	\$ 45,531,701	\$ 44,627,109	\$ 45,644,384	\$ 42,836,408	\$ 42,174,875	\$ 40,586,658	\$ 40,194,183
Program Revenues								
Governmental activities:								
Operating grants and contributions	\$ 2,317,745	\$ 2,050,912	\$ 1,851,052	\$ 3,424,531	\$ 3,427,506	\$ 3,575,115	\$ 3,512,588	\$ 3,323,757
Total governmental activities program revenues	2,317,745	2,050,912	1,851,052	3,424,531	3,427,506	3,575,115	3,512,588	3,323,757
Business-type activities:								
Charges for services:								
Food service	249,210	279,717	306,485	347,080	354,339	357,765	325,409	329,228
Operating grants and contributions	349,404	373,048	321,196	289,678	290,170	263,074	250,198	268,705
Total business type activities program revenues	598,614	652,765	627,681	636,758	644,509	620,839	575,607	597,933
Total district program revenues	\$ 2,916,359	\$ 2,703,677	\$ 2,478,733	\$ 4,061,289	\$ 4,072,015	\$ 4,195,954	\$ 4,088,195	\$ 3,921,690
Net (Expense)/Revenue								
Governmental activities	\$ (41,587,191)	\$ (42,858,658)	\$ (42,138,286)	\$ (41,538,938)	\$ (38,673,762)	\$ (37,910,229)	\$ (36,456,606)	\$ (36,257,124)
Business-type activities	(5,836)	30,634	(10,090)	(44,157)	(90,631)	(68,692)	(41,857)	(15,369)
Total district-wide net expense	\$ (41,593,027)	\$ (42,828,024)	\$ (42,148,376)	\$ (41,583,095)	\$ (38,764,393)	\$ (37,978,921)	\$ (36,498,463)	\$ (36,272,493)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes levied for general purposes	\$ 23,314,842	\$ 22,751,798	\$ 25,581,630	\$ 25,055,654	\$ 24,483,808	\$ 24,160,308	\$ 22,680,000	\$ 23,736,148
Unrestricted grants and contributions	14,655,266	15,569,023	15,882,869	15,033,772	12,584,268	12,762,064	12,233,255	11,975,697
County capital contribution	3,100,000	3,000,000						
Gain on refunding of bonds for ERIP								71,622
Tuition received	667,574	609,807	667,554	700,438	727,864	750,006	798,622	633,527
Investment earnings	4,942	18,070	54,631	280,195	464,981	307,250	85,705	37,998
Miscellaneous income	436,942	570,721	540,282	554,126	720,016	927,593	765,496	677,966
Intergovernmental transfers								19,327
Disposition of capital assets			(58,664)	(35,655)	1,462,400	661,719	(4,654)	(1,760)
Other financing (uses)		(142,304)						
Transfers	(6,500)		(8,500)	(42,500)	(89,000)	(58,850)	(40,000)	(15,000)
Total governmental activities	42,173,066	42,377,115	42,659,802	41,546,030	40,354,337	39,510,090	36,518,424	37,135,525
Business-type activities:								
Investment earnings	39	195	631	1,977	1,448	781	1,136	1,332
Transfers	6,500		8,500	42,500	89,000	58,850	40,000	15,000
Total business-type activities	6,539	195	9,131	44,477	90,448	59,631	41,136	16,332
Total district-wide	\$ 42,179,605	\$ 42,377,310	\$ 42,668,933	\$ 41,590,507	\$ 40,444,785	\$ 39,569,721	\$ 36,559,560	\$ 37,151,857
Change in Net Assets								
Governmental activities	\$ 585,875	\$ (481,543)	\$ 521,516	\$ 7,092	\$ 1,680,575	\$ 1,599,861	\$ 61,818	\$ 878,401
Business-type activities	703	30,829	(959)	320	(183)	(9,061)	(721)	963
Total district	\$ 586,578	\$ (450,714)	\$ 520,557	\$ 7,412	\$ 1,680,392	\$ 1,590,800	\$ 61,097	\$ 879,364

Source: CAFR Schedule A-2 and District records.

Note: This table was required with the implementation of GASB 44 in the 2006 fiscal year. This information is presented back to the year information was available and additional years will be added until ten years are presented.

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

	Fiscal year ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 2,498,101	\$ 2,202,441	\$ 2,972,700	\$ 4,963,350	\$ 3,172,252	\$ 4,119,714	\$ 1,218,201	
Unreserved	1,392,824	2,228,496	3,805,421	3,403,288	2,984,118	1,978,485	1,577,795	
Restricted for								\$ 100
Assigned to								1,590,769
Unassigned								590,989
Total general fund	<u>\$ 3,890,925</u>	<u>\$ 4,430,937</u>	<u>\$ 6,778,121</u>	<u>\$ 8,366,638</u>	<u>\$ 6,156,370</u>	<u>\$ 6,098,199</u>	<u>\$ 2,795,996</u>	<u>\$ 2,181,858</u>
All Other Governmental Funds								
Reserved	\$ 833,463	\$ 697,125	\$ 593,349	\$ 435,830			\$ 2,139,326	
Unreserved, reported in:								
Special revenue fund				(36,957)	\$ (61,077)			
Capital projects fund	171,879	108,356	92,271	142,441	162,331	\$ 142,304	523,517	
Restricted for:								
Capital Projects Fund								\$ 3,428,861
Total all other governmental funds	<u>\$ 1,005,342</u>	<u>\$ 805,481</u>	<u>\$ 685,620</u>	<u>\$ 541,314</u>	<u>\$ 101,254</u>	<u>\$ 142,304</u>	<u>\$ 2,662,843</u>	<u>\$ 3,428,861</u>
Total Fund Balances	<u>\$ 4,896,267</u>	<u>\$ 5,236,418</u>	<u>\$ 7,463,741</u>	<u>\$ 8,907,952</u>	<u>\$ 6,257,624</u>	<u>\$ 6,240,503</u>	<u>\$ 5,458,839</u>	<u>\$ 5,610,719</u>

Source: CAFR Schedule B-1 and District records.

Note This table was required with the implementation of GASB 44 in the 2006 fiscal year. This information is presented back to the year information was available and additional years will be added until ten 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 in the basic financial statements). Prior years have not been restated above, nor are they required to be.

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

	Fiscal year ended June 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Tax levy	\$ 26,414,842	\$ 25,751,798	\$ 25,581,630	\$ 25,055,654	\$ 24,483,808	\$ 24,160,308	\$ 22,680,000	\$ 23,736,148	\$ 21,136,545	\$ 20,718,216
Tuition charges	667,574	609,807	667,554	700,438	727,864	750,006	798,622	633,527	540,888	537,319
Interest earnings	4,942	18,070	54,631	280,195	464,981	307,250	85,705	37,998	60,857	63,656
Miscellaneous	714,085	833,290	799,370	816,810	2,412,568	2,178,457	954,465	823,875	698,616	513,110
State sources	14,474,782	13,220,937	15,446,892	16,443,563	13,876,941	13,917,666	13,798,185	13,390,455	19,084,527	17,155,907
Federal sources	2,221,086	4,136,429	2,027,941	1,752,056	1,962,281	2,258,220	1,917,160	1,763,090	2,123,674	1,727,585
Total revenue	44,497,311	44,570,331	44,578,018	45,048,716	43,928,443	43,571,907	40,234,137	40,385,093	43,645,107	40,715,793
Expenditures										
Instruction										
Regular instruction	5,776,683	5,727,954	5,933,943	5,746,230	8,479,097	5,112,846	4,737,515	4,664,087	4,549,463	5,011,271
Vocational education instruction	8,005,312	8,520,272	8,213,759	8,127,890	5,075,560	8,369,937	8,212,347	8,201,296	8,326,011	7,601,945
Other instruction	110,833	109,039	127,299	141,137	141,423	148,726	147,221	150,790	130,250	76,581
Adult/continuing education	436,270	410,384	423,088	405,006	410,434	385,062	459,844	499,974	400,880	324,124
Support Services:										
Student & instruction related services	4,266,863	4,445,912	3,999,437	4,090,786	4,108,515	4,014,645	4,371,699	4,198,743	4,153,256	4,046,546
General administration	1,176,211	1,149,300	1,273,566	972,474	1,084,315	1,060,248	1,122,151	1,295,705	1,300,214	2,296,257
School administrative services	2,308,088	2,748,779	2,519,935	2,458,561	2,311,588	2,309,168	2,262,379	2,449,066	2,480,300	840,389
Plant operations and maintenance	6,714,794	6,054,915	6,567,315	6,305,579	6,001,803	5,755,404	5,394,408	5,202,264	4,916,329	4,656,751
Pupil transportation	89,482	94,530	130,297	140,779	179,890	311,404	139,779	103,754	111,916	106,891
Other support services	1,339,052	1,376,465	1,280,310	1,231,422	1,234,015	1,105,099	1,234,010	553,564	569,928	553,575
Employee benefits	9,637,522	9,724,128	8,864,110	10,434,131	8,428,271	8,276,756	7,200,582	7,676,976	7,216,320	6,311,945
Special schools	1,627,108	2,187,681	2,244,208	2,276,443	2,307,897	2,159,112	2,066,800	2,161,891	2,108,853	2,101,715
Capital outlay	2,850,713	2,660,332	3,009,372	5,326,106	2,632,424	2,277,327	2,505,251	9,079,657	18,071,421	4,512,528
Total expenditures	44,338,931	45,209,691	44,586,639	47,656,544	42,395,232	41,285,734	39,853,986	46,237,767	54,335,141	38,440,518
Excess (Deficiency) of revenues over (under) expenditures	158,380	(639,360)	(8,621)	(2,607,828)	1,533,211	2,286,173	380,151	(5,852,674)	(10,690,034)	2,275,275
Other Financing sources (uses)										
Transfers in								19,327	7,148,657	8,716,198
Transfers out	(6,500)	(142,304)	(8,500)	(42,500)	(89,000)	(58,850)	(40,000)	(15,000)	(15,600)	(15,000)
Total other financing sources (uses)	(6,500)	(142,304)	(8,500)	(42,500)	(89,000)	(58,850)	(40,000)	4,327	7,133,057	8,701,198
Net change in fund balances	\$ 151,880	\$ (781,664)	\$ (17,121)	\$ (2,650,328)	\$ 1,444,211	\$ 2,227,323	\$ 340,151	\$ (5,848,347)	\$ (3,556,977)	\$ 10,976,473
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records; CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	Sale of Materials	Registration Fees	Rentals	Prior Year Refunds	Sale of Obsolete Equipment	Miscellaneous	Annual Totals
2002	\$ 48,469	\$ 399,558	\$ 64,222	\$ 4,014	\$ 21,860	\$ 33,491	\$ 571,614
2003	55,355	421,167	84,167			117,278	677,967
2004	55,803	521,281	85,189	2,885	91,332	9,006	765,496
2005	34,752	472,295	67,905			115,548	690,500
2006	29,948	554,135	49,606			30,661	664,350
2007	47,451	449,368	17,755	10,874		28,678	554,126
2008	57,150	365,199	28,450	25,142		64,341	540,282
2009	57,150	365,199	28,450	25,142		64,341	540,282
2010	55,774	430,908	34,625	4,804		44,610	570,721
2011	42,890	308,769	25,461	16,994		42,828	436,942

Source: District records

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2002	772,410	\$ 29,793,398,520	\$ 38,572	5.4%
2003	780,995	30,489,263,805	39,039	5.4%
2004	785,095	31,441,484,560	40,048	4.4%
2005	789,283	32,603,702,164	41,308	4.1%
2006	786,971	35,274,401,133	44,823	4.3%
2007	788,629	37,491,422,660	47,540	3.8%
2008	789,102	38,725,969,752	49,076	5.0%
2009	790,738	37,474,655,296	47,392	8.7%
2010	N/A	N/A	N/A	8.7%
2011	N/A	N/A	N/A	N/A

Source:

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

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

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

N/A - Information was not available.

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

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction										
Regular	78	72	75	75	74	74	76	75	77	77
Vocational	150	142	135	130	131	130	101	99	93	86
Support Services:										
Student & instruction related services	51	54	51	54	53	54	52	50	53	49
General administration	23	23	21	21	18	18	5	4	4	6
School administrative services	57	51	49	50	42	43	39	39	40	33
Central services	11	9	9	9	9	9	12	13	13	12
Administrative Information Technology	5	5	6	7	8	8	7	7	6	5
Plant operations and maintenance	47	45	51	45	43	43	49	48	50	47
Other support services				9	7	7				
Special Schools	22	21	21	20	20	19	19	19	19	19
Total	<u>444</u>	<u>422</u>	<u>418</u>	<u>420</u>	<u>405</u>	<u>405</u>	<u>360</u>	<u>354</u>	<u>355</u>	<u>334</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2002	2,025.8	\$ 33,927,990	\$ 17,494	-3.05%	280	N/A	N/A	1:9.9	1985.3	1945.6	2.24%	98.00%
2003	2,126.6	36,263,720	17,700	1.18%	278	N/A	N/A	1:10.8	2084.1	2042.4	4.98%	98.00%
2004	2,101.9	37,158,110	18,385	3.87%	314	N/A	N/A	1:7.3	2059.9	2018.7	-1.16%	98.00%
2005	2,084.2	37,348,735	18,950	3.07%	284	N/A	N/A	1:8.2	2042.5	2001.7	-0.84%	98.00%
2006	2,024.3	39,008,407	20,371	7.50%	250	N/A	N/A	1:8.1	1983.8	1944.1	-2.87%	98.00%
2007	2,226.0	39,762,808	17,863	-12.31%	254	N/A	N/A	1:8.2	2181.5	2137.9	9.96%	98.00%
2008	2,333.0	42,330,438	18,144	1.57%	228	N/A	N/A	1:9.4	2106.6	1985.8	-7.11%	94.30%
2009	2,276.5	41,577,267	18,264	0.66%	224	N/A	N/A	1:10.1	2063.3	1966.2	-0.99%	95.30%
2010	2,448.5	42,549,359	17,378	-4.85%	221	N/A	N/A	1:11.1	2419.1	2317.4	17.86%	95.80%
2011	2,293.5	41,488,218	18,089	4.10%	208	N/A	N/A	1:11	2048.6	1917.0	-17.28%	94.76%

Sources: District records

Note: Enrollment based on annual October 15, District count.

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

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District Building										
High School										
New Brunswick (1919)										
Square Feet	68,815	68,815	N/A							
Capacity (students)	244	244	N/A							
Enrollment	163	80	N/A							
Perth Amboy - Old (1927) *										
Square Feet	65,381	65,381	N/A							
Capacity (students)	256	256	N/A							
Enrollment	305	310	N/A							
Perth Amboy - New (2004)										
Square Feet	N/A	N/A	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000
Capacity (students)	N/A	N/A	442	442	442	442	442	442	442	442
Enrollment	N/A	N/A	351	335	347	347	383	354	361	300
Woodbridge (1938)										
Square Feet	52,754	52,754	52,754	52,754	52,754	52,754	52,754	52,754	52,754	52,754
Capacity (students)	221	221	221	221	221	221	221	221	221	221
Enrollment	391	390	359	326	284	284	233	194	204	224
East Brunswick (1970)										
Square Feet	278,124	278,124	278,124	278,124	278,124	278,124	278,124	278,124	278,124	278,124
Capacity (students)	985	985	985	985	985	985	985	985	985	985
Enrollment	919	895	875	824	834	834	788	748	684	645
Piscataway (1950)										
Square Feet	233,500	233,500	233,500	233,500	233,500	233,500	233,500	233,500	233,500	233,500
Capacity (students)	693	693	693	693	693	693	693	693	693	693
Enrollment	733	756	887	825	852	852	787	829	586	573
Academy (2000)										
Square Feet	29,900	29,900	29,900	29,900	29,900	29,900	29,900	29,900	29,900	29,900
Capacity (students)	119	119	119	119	119	119	119	119	119	119
Enrollment	112	138	142	136	142	142	143	152	150	154

Number of Schools at June 30, 2011
Senior High School = 5

Source: District Facilities Office

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

* School Sold 2006

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

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

* School Facilities Project # (s)	New Brunswick	Perth Amboy	Perth Amboy New	Woodbridge	East Brunswick	Piscataway	Academy	Total
2002	\$ 76,044	\$ 91,604		\$ 77,089	\$ 283,162	\$ 347,541	\$ 9,393	\$ 884,833
2003	56,731	59,513		96,097	392,805	284,628	25,476	915,250
2004	44,909	59,629		56,817	225,081	187,651	41,206	615,293
2005			\$ 99,955	61,878	214,087	183,059	19,007	577,986
2006			157,991	114,236	335,412	284,876	73,531	966,046
2007			155,921	222,211	281,505	258,637	59,715	977,989
2008			186,520	133,279	307,304	245,424	53,105	925,632
2009			238,857	85,044	339,638	222,315	40,031	925,885
2010			170,141	113,953	256,268	219,574	42,328	802,264
2011			151,006	113,836	450,580	246,747	28,358	990,527
Total School Facilities	<u>\$ 101,640</u>	<u>\$ 119,142</u>	<u>\$ 1,160,391</u>	<u>\$ 997,351</u>	<u>\$ 2,802,680</u>	<u>\$ 2,132,911</u>	<u>\$ 382,757</u>	<u>\$ 7,696,872</u>

Source: District records

School facilities as defined under EFCFA.

* (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Insurance Schedule
Year Ended June 30, 2011
Unaudited**

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
1) School package - New Jersey School Boards Association Insurance Group		
A) Property Blanket Bldg & Contents	\$ 182,848,479	\$ 5,000
B) Comprehensive General Liability	11,000,000 Aggregate	
	11,000,000 Per occurrence	
	11,000,000 Personal & adv. injury limit	
	1,000,000 Terrorism	
	10,000 Medical expense limit	
	11,000,000 Employee benefits liabilities	1,000
	250,000 Employee dishonesty	1,000
C) Crime Coverage	250,000 Public Employee Dishonesty	1,000
	25,000 Theft	500
	250,000 Forgery	1,000
2) Comprehensive Automobile Liability - NJ School Boards Assoc. Ins. Group (Garage keepers coverage included)	1,000,000 Combined single limit - collision	1,000
	Per accident - other than collision	1,000
3) Boiler & Machinery - NJ School Boards Assoc. Ins. Group	100,000,000	5,000
4) School Board Legal Liability - NJ School Boards Assoc. Ins. Group	4,000,000 Coverage	15,000
5) Nurses Liability - Evanston Insurance	1,000,000 Per medical incident	1,000
	3,000,000 Annual aggregate	1,000
6) Fidelity Bonds	275,000 Business Adm./Board Secretary	
	275,000 Treasurer	
7) Workers Compensation NJ School Boards Assoc. Ins. Group	2,000,000 Each Accident	
	2,000,000 Aggregate Limit	
8) Excess workers comp - Markel Insurance Company	100,000 Aggregate Limit	
9) Excess weekly indemnity - Markel Insurance Company - supplemental W/C	2,500 per week	

Source: District Records

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Single Audit Section



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Middlesex County Vocational and Technical High Schools, in the County of Middlesex, State of 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 November 23, 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 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 over financial reporting 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.

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.

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.



David J. Gannon

Licensed Public School Accountant

No. 2305



WISS & COMPANY, LLP

November 23, 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 OMB
Circular A-133 and New Jersey OMB Circular 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Middlesex County Vocational and Technical High Schools, County of Middlesex, State of New Jersey (the "District") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey OMB Compliance Supplement*, that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Those standards, OMB Circular A-133 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 federal and 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 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 federal and 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 federal and state program to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133 and 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 federal or 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 federal or 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 State 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.



David J. Gannon

Licensed Public School Accountant

No. 2305



WISS & COMPANY, LLP

November 23, 2011
Iselin, New Jersey

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2010	Carryover Amount	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	(Accounts Receivable) at June 30, 2011	Deferred Revenue at June 30, 2011	Due to Grantor at June 30, 2011
U.S. Department of Education												
Medical Assistance Program	93.778	7/1/10-6/30/11	\$ 58,903				\$ 29,257	\$ (41,092)		\$ (11,835)		
Medical Assistance Program	93.778	7/1/09-6/30/10	58,903	<u>\$ (12,452)</u>			<u>12,452</u>					
Total General Fund				<u>(12,452)</u>			<u>41,709</u>	<u>(41,092)</u>		<u>(11,835)</u>		
U.S. Department of Education Passed-Through State Department of Education:												
Title I	84.010A	9/1/10-8/31/11	368,233				215,495	(332,225)		(116,730)		
Title I Summer	84.010A	9/1/09-8/31/10	386,978	(87,523)			178,485	(88,962)				
ARRA Title I	84.389	7/1/09-8/31/11	158,706	(20,254)			74,980	(66,258)		(11,532)		
Title I SIA	84.377	9/1/10-8/31/11						(256)		(256)		
Title I SIA Summer	84.377	9/1/09-8/31/10	19,762	(2,716)				(17,478)		(20,194)		
ARRA Title I SIA	84.388	7/1/09-8/31/11	11,943				7,810	(11,943)		(4,133)		
Title II - A	84.367	9/1/10-8/31/11	59,676				39,719	(59,676)		(19,957)		
Title II - A	84.367	9/1/09-8/31/10	66,114	(22,571)			22,571					
Title II - D	84.318	9/1/10-8/31/11	804									
Title II - D Summer	84.318	9/1/09-8/31/10	3,901									
Title IV	84.186A	9/1/09-8/31/10	6,442	(2,104)			2,104					
I.D.E.A. Part B	84.027	9/1/10-8/31/11	556,783				372,730	(556,783)		(184,053)		
I.D.E.A. Part B Summer	84.027	9/1/09-8/31/10	554,519	(197,132)			208,719	(11,587)				
ARRA I.D.E.A Part B	84.391	7/1/09-8/31/11	482,239	(35,498)			267,288	(317,506)		(85,716)		
Carl Perkins - Entitlement	84.048	7/1/10-6/30/11	487,378				192,816	(487,378)		(294,562)		
Carl Perkins - Entitlement	84.048	7/1/09-6/30/10	508,187	(216,091)			216,091					
Carl Perkins - Post Secondary	84.048	7/1/10-6/30/11	83,454				40,312	(83,454)		(43,142)		
Carl Perkins - Post Secondary	84.048	7/1/09-6/30/10	161,772	(37,687)			37,687					
ARRA Weatherization	81.042	11/9/10-5/31/11	30,350	(12,548)			12,548					
Math-in CTE Program	84.305A	7/1/10-6/30/11	150,000				92,741	(146,488)		(53,747)		
Total Special Revenue				<u>(634,124)</u>			<u>1,980,090</u>	<u>(2,179,994)</u>		<u>(834,022)</u>		
U.S. Department of Agriculture Passed - Through State Department of Education:												
Food Donation Program (NC)	10.555	7/1/10-6/30/11	24,949				24,949	(24,102)			\$ 847	
Food Donation Program (NC)	10.555	7/1/09-6/30/10	27,215	2,908				(2,908)				
National School Lunch Program	10.555	7/1/10-6/30/11	231,034				181,006	(231,034)		(50,028)		
National School Lunch Program	10.555	7/1/09-6/30/10	241,838	(43,864)			43,884					
School Breakfast Program	10.553	7/1/10-6/30/11	85,602				65,471	(85,602)		(20,131)		
School Breakfast Program	10.553	7/1/09-6/30/10	75,654	(15,026)			15,026					
Total Enterprise Fund				<u>(56,002)</u>			<u>330,336</u>	<u>(343,646)</u>		<u>(70,159)</u>	<u>847</u>	
Total Federal Awards				<u>\$ (702,578)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,352,141</u>	<u>\$ (2,564,732)</u>	<u>\$ -</u>	<u>\$ (916,016)</u>	<u>\$ 847</u>	<u>\$ -</u>

NC - represents noncash expenditures

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

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

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2011

State Grantor Program Title	Grant or State Project Number	Grant Period	Balance at June 30, 2010				Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Year's Balances	Balance at June 30, 2011			MEMO	
			Award Amount	Deferred Rev/ (Accts. Rec)	Due to Grantor	Carryover Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	\$ 10,511,381				\$ 9,471,445	\$ (10,511,381)					\$ (1,039,936)	\$ (10,511,381)
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	1,062,397				957,290	(1,062,397)					(105,107)	(1,062,397)
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	9,094,005	\$ (1,162,483)			1,162,483							
Special Education Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	1,062,397	(193,039)			193,039							
Adult Ed Aid	11-495-034-5120-077	7/1/09-6/30/10		(231)			231							
TPAF Social Security Aid	11-495-034-5095-002	7/1/10-6/30/11	1,337,667				1,272,645	(1,337,667)		\$ (65,022)				(1,337,667)
TPAF Wage Freeze Grant	11-495-034-5095-002	7/1/10-6/30/11	22,443				11,222	(22,443)		(11,221)				(22,443)
Total General Fund				(1,355,753)			13,068,355	(12,933,888)		(76,243)			(1,145,043)	(12,933,888)
Vocational Education-Apprentice Coordinator														
Vocational Education-Apprentice Coordinator	11-100-034-5062-032	7/1/10-6/30/11	16,188				11,274	(15,423)		(4,149)				(15,423)
Vocational Education-Apprentice Coordinator	10-100-034-5062-032	7/1/09-6/30/10	33,204	(8,834)			8,834							
Coordinated School Health System Program	Not available	9/1/10-6/30/11	40,000				40,000	(40,000)						(40,000)
Total Special Revenue Fund				(8,834)			60,108	(55,423)		(4,149)				(55,423)
Addt. State School Bldg Aid-SDA Grant														
Addt. State School Bldg Aid-SDA Grant	03-495-034-5120-016	7/1/02-present	11,490,597	(1,907,666)						(1,907,666)				(11,490,597)
Addt. State School Bldg Aid-SDA Grant	03-495-034-5120-016	7/1/02-present	2,340,000	(426,701)						(426,701)				(2,213,801)
Total Capital Projects Fund				(2,334,367)						(2,334,367)				(13,704,398)
National School Lunch Program														
National School Lunch Program (State Share)	11-100-010-3350-023	7/1/10-6/30/11	5,758				4,279	(5,758)		(1,479)				(5,758)
National School Lunch Program (State Share)	10-100-010-3350-023	7/1/09-6/30/10	10,061	(1,814)			1,814							
National School Breakfast Program (State Share)	10-100-010-3350-021	7/1/09-6/30/10	4,935	(976)			976							
Total Enterprise Fund				(2,790)			7,069	(5,758)		(1,479)				(5,758)
Total State Financial Assistance			\$ (3,701,744)	\$ -	\$ -	\$ -	\$ 13,135,532	\$ (12,995,069)	\$ -	\$ (2,416,238)	\$ -	\$ -	\$ (1,145,043)	\$ (26,699,467)

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

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

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

Year ended June 30, 2011

1. General

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

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information on these schedules are presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A-22:44.2. For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting

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

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

Year ended June 30, 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 \$210,710 for the general fund. See Note to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds (C-3).

Financial 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	\$ 41,092	\$14,419,359	\$14,460,451
Special Revenue Fund	2,179,994	55,423	2,235,417
Food Service Fund	343,646	5,758	349,404
Total financial award revenues	<u>\$2,564,732</u>	<u>\$14,480,540</u>	<u>\$17,045,272</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

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

TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2011.

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

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

Year ended June 30, 2011

5. Other (continued)

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2011 amounted to \$1,274,761. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 04-04 and are not reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes √ No

Significant deficiency(ies) identified? Yes √ None Reported

Noncompliance material to financial statements noted? Yes √ No

Federal Awards Section

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes √ No

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

Internal control over major programs:

Material weakness(es) identified? Yes √ No

Significant deficiency(ies) identified? Yes √ None Reported

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))? Yes √ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	IDEA Basic, Part B
84.391	ARRA – IDEA Basic, Part B
84.048	Carl D. Perkins Vocational Grant

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II – Financial Statement Findings

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

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

**Part III – Federal Award and State Financial Assistance Findings and
Questioned Costs**

There were no findings or questioned costs.

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

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2011

None.