

MIDDLESEX COUNTY
VOCATIONAL AND TECHNICAL HIGH SCHOOLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2012



**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, 2012

**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 21, 2012

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, 2012, 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 2011-12 fiscal year with an enrollment of 2,002 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, HVAC, automotive technologies - and thus nurture *a commitment to the industries and unions that have built America* - and continue to do so. The remodeling and refreshing of vital shop areas in our District has served to stimulate interest and dispel complacency. Through capital funding and Carl Perkins grant funding we continue to upgrade shop equipment and facilities. It is always our objective to train student on current technologies and state of the art equipment.

As demand continues to increase for non-traditional programs our *Performing Arts in Dance and Theatre* program continues to be a success. Last school year, we added cinematography as the third leg to the program. With the help of a very accomplished instructor and a new innovative classroom we have very high hopes for the success at the new program concept.

Our Academy for Science, Mathematics and Engineering Technologies continues to thrive and remains at capacity. It was certainly no surprise the US News and World Reports continued to list the Academy as one of the best high schools in the World. It's clear by their achievements that the concept is a successful one. College placements for the senior class in 2011-12 were the culmination and confirmation of the school's continued success. The 2012 Senior Class graduating from the Academy will all be attending Colleges and Universities around the country.

These include the following:

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

The Academy for Allied Health and Biomedical Sciences opened in September 2008 and had 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 careers our students will pursue including physicians, pharmacists and allied biomedical professionals. Some of the colleges our inaugural class will be attending are as follows:

• Boston University	• St. Peters
• Drew University	• The College of New Jersey
• Drexel University	• Temple University
• Gonzaga University	• University of Connecticut
• New Jersey Institute of Technology	• University of Delaware
• New York University	• University of Maryland
• Northeastern University	• Villanova University
• Penn State	• Wake Forest University
• Seton Hall University	• William Patterson University

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 programs. During the spring of 2012 the district completed a major renovation of the Cosmetology Program area at our East Brunswick Campus. Both shops were gutted and completely replaced including furniture, equipment and flooring. The update provides a true "Salon-like" experience for students,

instructors and potential customers. The District also 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 415 students who completed their education in 2012. Our overall percentage for job placement in 2011 was 90%. Job placement in all trades for which the students were trained was 83%. Also noteworthy is the fact that 49% 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 128 firms with 86% 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, 2012.

(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, 2012 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

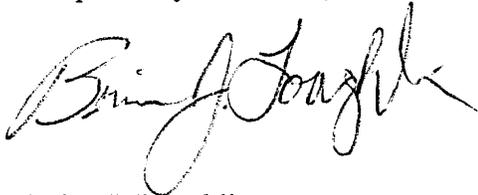
Certainly the most important focus of this District is its students. The students have received numerous awards and recognition through a variety of events and activities that are clearly characterized by their diversity and impact:

- Various players for various sports were named as 2012 GMC Scholar Athletes and received Sportmanship Awards. Two players were awarded GMC Baseball All Gold Division Award. Five players were awarded GMC Softball All Gold Division Award. East Brunswick Boys Basketball and Academy Woodbridge Softball were given the GMC Division Sportsmanship Award. Stephen Moir, Perth Amboy Soccer was awarded GMC Division Coach of the Year Award.
- Five players for various sports received the prestigious N.J.S.I.A.A Scholar Athlete Award.
- The East Brunswick Tech Cheerleaders retained their title as New Jersey Technical Athletic Council Cheerleading State Champions by taking first place again in the 2012 cheerleading competition.
- One student from Perth Amboy scored its 1000th basketball point becoming only the 7th basketball player in school history to accomplish that feat. Another basketball player became the all-team leading scorer eclipsing the old mark of 1,358 points.
- Two students from the Academy for Allied Health and Biomedical Sciences were honored at the Middlesex County School Boards Association 2012 Student Recognition dinner as outstanding students.
- Middlesex County Vocational and Technical School's Practical Nursing Program earned a 95% 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, Raider Round up, placed third in the 2012 American Scholastic Press Association's Annual Review and Contest.
- Two DECA students placed in the DECA State Competition. One student took 1st place and the other took 2nd place.
- The members of the New Jersey FFA received seven 1st place awards including a Best in Division for the Horticulture category from our East Brunswick Campus and six 1st place awards from our Piscataway Campus. The campuses won in a variety of categories in the Horticulture Exposition of 2012.
- One student placed second in the NJ Skills USA competition in the carpentry category.
- The District participated in the 2012 Middlesex County Public Service Announcement Contest Don't Drive Dangerously campaign. Perth Amboy won first place in the Audio category. The Academy for Science, Mathematics and Engineering Technologies won 2nd place in the Audio category. The Academy for Allied Health and Biomedical Sciences won 3rd place in the Audio category. East Brunswick won 2nd place in the video category.
- *Numerous special project grants*, which total over \$2.3 million, comprise another dimension of the awards and recognition received by the District over the 2011-12 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.

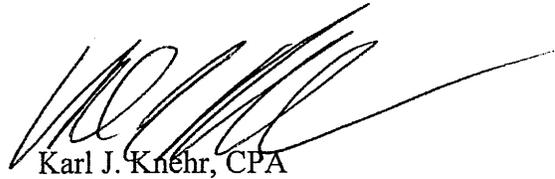
(9) Acknowledgements.

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,

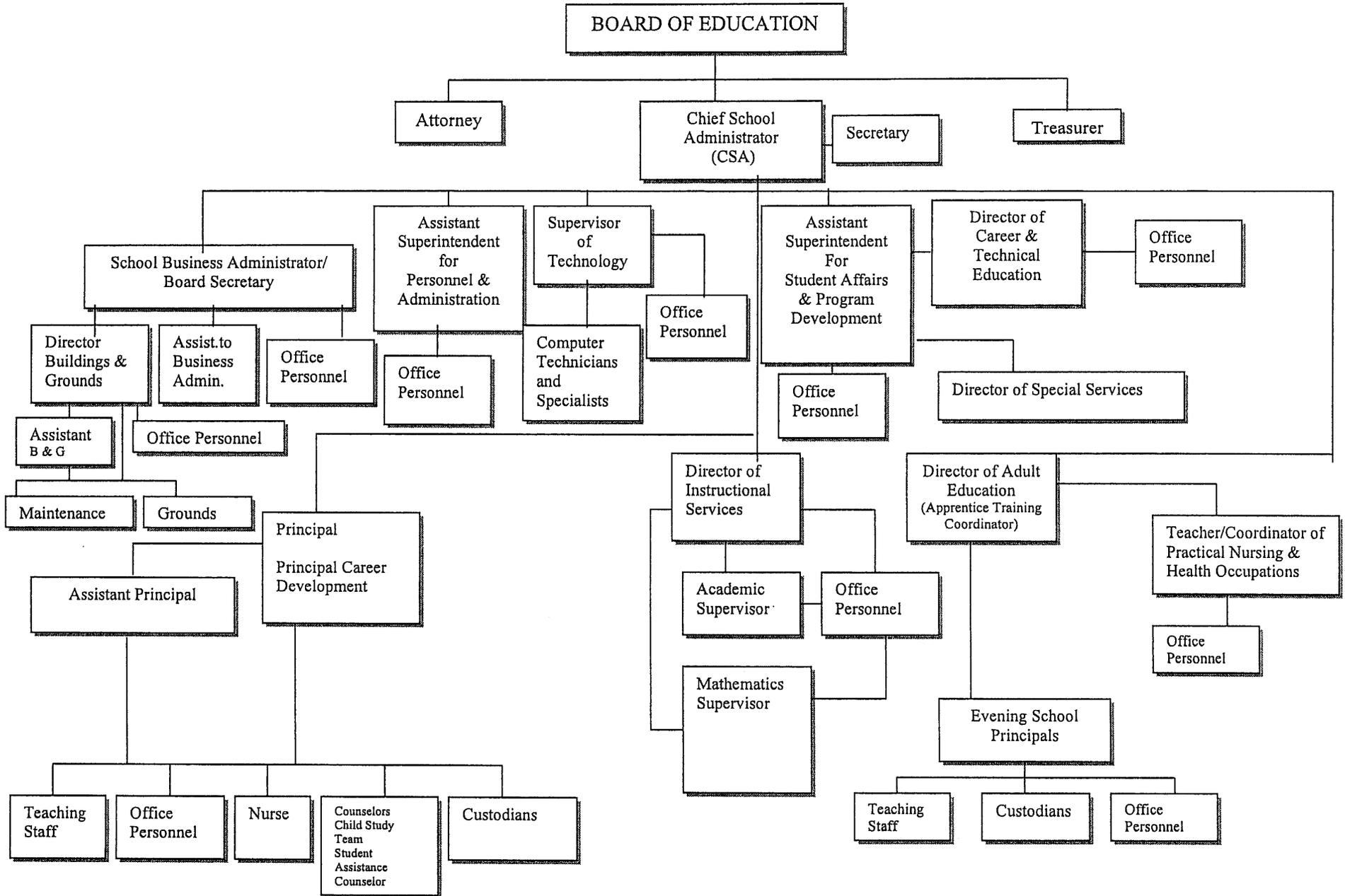


Brian J. Loughlin
Superintendent



Karl J. Knéhr, CPA
Board Secretary/Business Administrator

Middlesex County Vocational and Technical High Schools
ORGANIZATIONAL CHART
June 30, 2012



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

Roster of Officials

June 30, 2012

<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. Stanley Bagunchinsky, Board Member	2012
Mr. Francis R. James, Board Member	2015

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

Borrus, 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

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

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, 2012, 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 Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 previously 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, 2012 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.

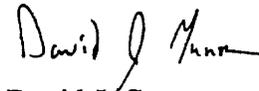
In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements, long-term debt schedules and schedules of expenditures of federal awards and state financial assistance, 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's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



David J. Gannon
Licensed Public School Accountant
No. 2305



WISS & COMPANY, LLP

November 21, 2012
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, 2012
UNAUDITED

The following represents the Middlesex County Vocational and Technical High Schools' (the "District") discussion and analysis for fiscal year ended June 30, 2012. 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. 25-26) 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.

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

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. 27-34) 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. 27-29) 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. 27): 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. 25) 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. 28) is reconciled with change in net assets of governmental activities from the statement of activities (government-wide statements pg. 26) on a separate schedule (pg. 29). 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. 30-32) 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 33-34). 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 35-60 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 61-83 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, 2012 and 2011:

Table 1 Net Assets As of (In Millions)		
	June 30, 2012 District Totals	June 30, 2011 District Totals
Current and other assets	\$ 10.3	\$ 9.0
Capital assets	64.4	64.2
Total assets	74.7	73.2
Current and other liabilities	(3.4)	(3.3)
Long-term liabilities	(1.9)	(2.2)
Total liabilities	(5.3)	(5.5)
 Net assets		
Invested in capital assets	64.4	64.2
Restricted	4.0	3.4
Unrestricted	1.0	0.1
Total net assets	\$ 69.4	\$ 67.7

An examination of Table 1 indicates the results of operations for the 2011-2012 school year resulted in a \$1.7 million increase in total net assets primarily through cash and capital assets. Surplus cash from operations was generated from various budget accounts with less than expected expenditures in conjunction with revenues that were mostly collected as planned.

Table 2 offers a closer look at the \$1.0 million in unrestricted net assets.

Table 2 Unrestricted Net Assets As of (In Millions)	
Unrestricted net assets from:	
Encumbrances	\$ 0.8
Designated in subsequent year	1.2
Unfunded pension liability	(0.8)
Unfunded compensated absences	(1.1)
Results from operations	0.9
Total	\$1.0

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, 2012. 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 2012-2013 budget. The annual school budget is prepared and adopted prior to the start of the new fiscal year (July 1, 2012).

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 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, 2012	June 30, 2011
Revenues:		
Program Revenues		
Federal and state grants	\$ 1.9	\$ 2.3
General Revenues		
Property taxes	23.3	23.3
Federal and state aid, not restricted	16.0	14.7
County Capital Contribution	3.1	3.1
Other General Revenues	1.3	1.1
Total revenues	45.6	44.5
Functions/Program Expenses:		
Instruction		
Regular	7.9	7.8
Other special instruction	0.1	0.2
Vocational	10.5	11.0
Other instruction	0.6	0.6
Support Services		
Student and instruction related		
Services	5.7	5.7
General administrative service	1.4	1.4
School administrative services	3.9	3.3
Plant operations and maintenance	7.8	8.0
Pupil transportation	0.1	0.1
Business and other support services	1.8	1.8
Special Schools	2.2	2.2
Unallocated depreciation	1.9	1.8
Total expenses	43.9	43.9
Increase in net assets	\$ 1.7	\$0.6

The District experienced a \$1.7 million increase in net assets over the 2011-2012 school year. As indicated in the table, vocational instruction and plant operations and maintenance decreased over the prior year. The decreases in those expenses were slightly offset by an increase in school administrative services. The increase in the school administrative services is from hiring two new principals to lead our new career development schools. The decrease in vocational instruction comes through retirements and some program closures. The decrease in plant operations and maintenance resulted from a drop in gas and electric demand due to a mild winter. Revenues increased as compared to prior year. The district received additional state aid and Education Jobs funds from the Federal Government.

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, 2012	June 30, 2011
Program Revenues		
Charges for services	\$257.8	\$249.2
Federal and state reimbursement program	371.3	349.4
General Revenues		
Interest		
Transfers from Governmental Funds		6.5
Total revenue	629.1	605.1
Functions/Programs		
Food Services	606.5	604.4
Total expenses	606.5	604.4
Increase in net assets	\$22.6	\$ 0.7

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 2012 fiscal year, both operating expenses and revenues increased due to being more efficient as well as an actual increase in volume. Through these efficiencies, the district was able to decrease its contribution to the food service fund by \$6.5 thousand. The district's contribution for food service operations was \$0 (Table 4) and \$6.5 thousand for the 2012 and 2011 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, 2012 and increases and decreases as compared to the prior year.

Revenue	Amount	Percent of Total	Increase	Percent of Increase
Local Sources	\$27,967,870	61.30%	\$ 166,427	0.06%
State Sources	15,386,571	33.72	911,789	6.30
Federal Sources	<u>2,268,932</u>	<u>4.98</u>	<u>47,846</u>	2.15
Total:	<u>\$ 45,623,373</u>	<u>100.00%</u>	<u>\$ 1,126,062</u>	<u>2.53%</u>

The increase in Local Sources is reflective of an increase in tuition and registration fees collected.

Revenue from State Sources increased through additional general state aid received from the Department of Education.

Federal Aid increased with Education Jobs funding offset by the loss of ARRA funding.

(B) The following schedule presents a summary of general fund, special revenue fund and capital projects fund expenditures for the fiscal year ended June 30, 2012, 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	\$ 13,893,125	31.30%	\$ (435,973)	(3.04)%
Undistributed Expenditures	26,180,013	58.98	648,001	2.54
Capital Outlay	2,761,179	6.22	(89,534)	(3.14)
Special Schools	<u>1,553,257</u>	<u>3.50</u>	<u>(73,851)</u>	(4.54)
Total:	<u>\$ 44,387,574</u>	<u>100.00%</u>	<u>\$ 48,643</u>	<u>0.11%</u>

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

Support expenses increased from the prior year. School administrative and instructional support salaries increased through the hiring of additional personnel. Fringe benefit cost also increased in conjunction with health benefits, pension, and social security increases.

Capital outlay decreased slightly due to less capital projects ongoing during the current year.

Special Schools expense decreased as some programs became more efficient.

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 as interest rates remain extremely low and the cost of bank services increase.
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 revenues were received over budget. Evening school registration fees were collected in excess of the prior year as enrollment increased.

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 regular instruction to cover increases in supply cost and items needed.
3. Transfers were made in school administrative salaries from vocational programs to cover an increase in personnel resulting from hiring additional staff in an effort to restructure Special Education.
4. Transfers were needed in security mainly to allow for expanded services in other campuses.
5. Facility maintenance and grounds needed additional resources to properly maintain the district's buildings and infrastructure.
6. Amounts budgeted for gas and electric exceeded requirements due to a mild winter and allowed transfers to other accounts.
7. While fringe benefit costs increased over the prior year, budgeted amounts were in excess of the resources needed to satisfy current year cost. Both unemployment claims and PERS contributions were lower than expected.

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. Expenditures in various salary accounts, both instruction and support, were lower than expected. A significant amount of retirements and staff changes after the budget was finalized accounted for the disparity between budget and actual.
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. Health benefits were less than budgeted as rate increases were smaller than expected.
6. Transportation service came in lower than anticipated due to less field trips taken.
7. Workers compensation claims expense came in lower than anticipated.
8. 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, 2012, capital assets for the district totaled \$64.4 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, 2012
(In Millions)

	<u>Governmental Activities</u>
Land and site improvements	\$ 10.5
Building and building improvements	47.8
Furniture and equipment	3.9
Construction-in-progress	<u>2.2</u>
	<u>\$ 64.4</u>

The net investment in capital assets increased 0.3% from the prior year. That increase included depreciation expense of \$2.5 million offset by additions recorded in the amount of \$2.69 million. The following is the detail of those additions:

	Additions (in millions)
East Brunswick Boiler Replacement	\$.26
Construction in Progress	1.56
Equipment	.87
	\$2.69

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, 2012 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

Finance continues to be an area of consideration due to the economic uncertainty the state and county are facing. While state aid in the past had remained fairly consistent with small formula based increases over the years, there is no indication of how schools will be funded in the future at the State level. The district did receive increases in the 2011-12 and 2012-13 school year, but due to the states volatile financial picture there is no clear indication that this will continue. On the local level the state has imposed restrictions with regard to the amounts municipalities and county governments can increase local tax levies. In our case this will continue to limit any additional funding from our county funding source. The message is clear, revenue is scarce and we cannot continue to rely on an over burden tax base. In these tough economic times, State and Local Officials have required that Districts look at efficiencies and shared services to reduce expense budgets to offset cuts rather than replace revenue. With that in mind, New Jersey School Districts may 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 2012-13 school year Multi-Media Art/Design and Green Technology were introduced as new programs at the East Brunswick Campus.

FINANCIAL MANAGEMENT CONTACT

The Middlesex County Vocational School's financial report intends 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, 2012.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,872,454		\$ 6,872,454
Internal balances	(45,536)	\$ 45,536	-
Accounts receivable	3,444,519	38,605	3,483,124
Inventory		13,355	13,355
Restricted assets:			
Capital reserve account - cash	100		100
Capital assets, non-depreciable	9,505,763		9,505,763
Capital assets, depreciable, net	54,912,778	11,516	54,924,294
Total Assets	<u>74,690,078</u>	<u>109,012</u>	<u>74,799,090</u>
LIABILITIES			
Accounts payable	699,882	52,230	752,112
Payable to other governments	2,334,367		2,334,367
Insurance claims payable	242,950		242,950
Other payables	106,385	62	106,447
Unearned revenue	41,435	37	41,472
Noncurrent liabilities:			
Due within one year	150,307		150,307
Due beyond one year	1,712,662		1,712,662
Total liabilities	<u>5,287,988</u>	<u>52,329</u>	<u>5,340,317</u>
NET ASSETS			
Invested in capital assets	64,418,541	11,516	64,430,057
Restricted for:			
Capital projects	3,980,949		3,980,949
Other purposes	100		100
Unrestricted	1,002,500	45,167	1,047,667
Total net assets	<u>\$ 69,402,090</u>	<u>\$ 56,683</u>	<u>\$ 69,458,773</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, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 7,922,226		\$ 525,012	\$ (7,397,214)		\$ (7,397,214)
Other special instruction	163,490			(163,490)		(163,490)
Vocational	10,566,743		627,646	(9,939,097)		(9,939,097)
Other instruction	628,912			(628,912)		(628,912)
Support services:						
Student & instruction related services	5,662,462		796,840	(4,865,622)		(4,865,622)
General administrative services	1,376,369			(1,376,369)		(1,376,369)
School administrative services	3,875,926			(3,875,926)		(3,875,926)
Plant operations and maintenance	7,769,241			(7,769,241)		(7,769,241)
Pupil transportation	97,885			(97,885)		(97,885)
Business and other support services	1,795,036			(1,795,036)		(1,795,036)
Special schools	2,168,539			(2,168,539)		(2,168,539)
Unallocated depreciation	1,883,850			(1,883,850)		(1,883,850)
Total governmental activities	43,910,679		1,949,498	(41,961,181)		(41,961,181)
Business-type activities:						
Food Service	606,486	\$ 257,829	371,330		\$ 22,673	22,673
Total business-type activities	606,486	257,829	371,330		22,673	22,673
Total primary government	\$ 44,517,165	\$ 257,829	\$ 2,320,828	(41,961,181)	22,673	(41,938,508)
General revenues and transfers:						
Property taxes, levied for general purposes				23,314,842		23,314,842
Federal and State aid not restricted				15,990,034		15,990,034
County capital contribution				3,100,000		3,100,000
Tuition received				697,332		697,332
Investment earnings				628		628
Miscellaneous income				571,039		571,039
Total general revenues and transfers				43,673,875		43,673,875
Change in net assets				1,712,694	22,673	1,735,367
Net Assets—beginning of year				67,689,396	34,010	67,723,406
Net Assets—end of year				\$ 69,402,090	\$ 56,683	\$ 69,458,773

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

Fund Financial Statements

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Governmental Funds
Balance Sheet
June 30, 2012

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 6,872,454			\$ 6,872,454
Accounts receivable:				
Interfund	487,286		\$ 3,981,209	4,468,495
Federal	96,744	\$ 415,308		512,052
State		1,533	2,334,367	2,335,900
Other governments	154,517	208,895		363,412
Other	233,155			233,155
Restricted assets:				
Cash and cash equivalents	100			100
Total assets	<u>\$ 7,844,256</u>	<u>\$ 625,736</u>	<u>\$ 6,315,576</u>	<u>\$ 14,785,568</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 536,009	\$ 163,613	\$ 260	\$ 699,882
Intergovernmental payables:				
Other governments			2,334,367	2,334,367
Interfunds payable	4,097,562	440,050		4,537,612
Insurance claims payable	242,950			242,950
Other payables	82,804			82,804
Deferred revenue	19,362	22,073		41,435
Total liabilities	<u>4,978,687</u>	<u>625,736</u>	<u>2,334,627</u>	<u>7,939,050</u>
Fund balances:				
Restricted for:				
Capital reserve account	100			100
Capital projects			3,980,949	3,980,949
Assigned to:				
Designated for subsequent years expenditures	1,200,000			1,200,000
Other Purposes	806,688			806,688
Unassigned	858,781			858,781
Total fund balances	<u>2,865,569</u>		<u>3,980,949</u>	<u>6,846,518</u>
Total liabilities and fund balances	<u>\$ 7,844,256</u>	<u>\$ 625,736</u>	<u>\$ 6,315,576</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 \$ 107,966,864 and the accumulated depreciation is \$ 43,548,323 (see Note 4).

64,418,541

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).

(1,862,969)

Net assets of governmental activities

\$ 69,402,090

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, 2012

	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	697,332			697,332
Interest earned	628			628
Miscellaneous	571,039	\$ 284,029		855,068
Total local sources	24,583,841	284,029	3,100,000	27,967,870
State sources	15,343,883	42,688		15,386,571
Federal sources	504,570	1,764,362		2,268,932
Total revenues	40,432,294	2,091,079	3,100,000	45,623,373
EXPENDITURES				
Current:				
Regular instruction	5,063,809	618,036		5,681,845
Other special instruction	113,345			113,345
Vocational education	7,259,744	371,681		7,631,425
Other instruction	466,510			466,510
Support services and undistributed costs:				
Student & instruction services	3,443,360	705,276		4,148,636
General administrative services	1,143,568			1,143,568
School administrative services	2,663,714			2,663,714
Plant operations and maintenance	6,459,037			6,459,037
Pupil transportation	97,885			97,885
Business and other support services	1,308,929			1,308,929
Unallocated benefits	10,103,739	254,505		10,358,244
Capital outlay	71,686	141,581	2,547,912	2,761,179
Special schools	1,553,257			1,553,257
Total expenditures	39,748,583	2,091,079	2,547,912	44,387,574
Excess (Deficiency) of Revenues Over (Under) Expenditures	683,711	-	552,088	1,235,799
Net change in fund balances	683,711	-	552,088	1,235,799
Fund balance, July 1	2,181,858	-	3,428,861	5,610,719
Fund balance, June 30	\$ 2,865,569	\$ -	\$ 3,980,949	\$ 6,846,518

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, 2012**

Total net change in fund balances - governmental funds (from B-2) \$ 1,235,799

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	\$	2,689,492	
Depreciation expense		<u>(2,512,245)</u>	177,247

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. 140,000

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 (+). 159,648

Change in net assets of governmental activities (A-2) \$ 1,712,694

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, 2012

	Major Fund
	Food Service
ASSETS	
Current assets:	
Accounts receivable:	
State	\$ 399
Federal	36,986
Interfund	45,536
Other	1,220
Inventories	13,355
Total current assets	97,496
Noncurrent assets:	
Capital assets:	
Furniture, machinery & equipment	35,068
Less accumulated depreciation	(23,552)
Total capital assets, net	11,516
Total assets	109,012
LIABILITIES	
Current liabilities:	
Accounts payable	52,230
Unearned revenue	37
Other current liabilities	62
Total current liabilities	52,329
NET ASSETS	
Invested in capital assets	11,516
Unrestricted	45,167
Total net assets	\$ 56,683

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, 2012

	Major Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 76,852
Daily sales - non-reimbursable programs	160,154
Special functions	20,823
Total operating revenues	257,829
Operating expenses:	
Salaries	330,038
Cost of sales	136,195
Other purchased services	78,385
General supplies	59,878
Depreciation	1,794
Other expenses	196
Total operating expenses	606,486
Operating loss	(348,657)
Nonoperating revenues:	
State sources:	
State school lunch program	6,036
Federal sources:	
National school lunch program	258,646
National school breakfast program	96,559
Food donation program	10,089
Total nonoperating revenues	371,330
Income before transfers	22,673
Transfers in - board contribution	-
Change in net assets	22,673
Total net assets—beginning of year	34,010
Total net assets—end of year	\$ 56,683

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, 2012

	Major Fund
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 256,293
Payments to employees	(330,038)
Payments to suppliers	(286,054)
Net cash used in operating activities	(359,799)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from state reimbursements	7,116
Cash received from federal reimbursements	388,378
Receipts from food donation program	9,279
Cash paid to other funds	(44,974)
Net cash provided by noncapital financing activities	359,799
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	\$ (348,657)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,794
(Increase) in other receivables	(1,220)
(Increase) in inventories	(2,386)
(Decrease) in unearned revenue	(316)
(Decrease) in accounts payable	(9,014)
Total adjustments	(11,142)
Net cash used in operating activities	\$ (359,799)

Noncash noncapital financing activities:

The District received \$9,279 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2012.

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 Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Private-Purpose Scholarship Fund	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 7,475	\$ 119,897
Interfund receivable		23,581
Total assets	7,475	\$ 143,478
LIABILITIES		
Due to student groups		\$ 68,201
Payroll deductions and withholdings payable		75,277
Total liabilities		\$ 143,478
NET ASSETS		
Held in trust for scholarships	\$ 7,475	

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, 2012

	Private-Purpose Scholarship Fund
ADDITIONS	
Investment earnings:	
Interest	\$ <u>2</u>
Total additions	<u>2</u>
DEDUCTIONS	
Bank service charges	<u>53</u>
Total deductions	<u>53</u>
Change in net assets	(51)
Net assets—beginning of the year	<u>7,526</u>
Net assets—end of the year	<u><u>\$ 7,475</u></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

Notes to the Basic Financial Statements

Year ended June 30, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control (continued)

Budget amendments during the year ended June 30, 2012 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, 2012

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, 2012, the unused Food Donation Program commodities of \$37 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, 2012

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 \$1,072,969 at June 30, 2012. 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, 2012, 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 2012 programs received prior to June 30, 2012.

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, 2012

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

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

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

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, 2012

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances (continued)

- 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. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

Of the \$2,865,569 of fund balances in the General Fund, \$806,688 of encumbrances is assigned to other purposes, \$100 has been restricted for the capital reserve, \$1,200,000 has been classified as assigned fund balance designated for subsequent years expenditures and \$858,781 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, 2012.

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, 2012

1. Summary of Significant Accounting Policies (continued)

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.

Q. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2012 and November 21, 2012, 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.

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, 2012

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	\$ 790,000
Compensated absences	<u>1,072,969</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets – governmental activities	<u>\$ 1,862,969</u>

3. Deposits and Investments

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

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

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, 2012

3. Deposits and Investments (continued)

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 Asset and Rebate Management Fund (NJARM) and M.B.I.A. Class.

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

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

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

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

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by commercial banking institutions. At June 30, 2012, the District's carrying amount of deposits was \$6,999,926 and the bank balance was \$7,719,958. Of the bank balance, \$500,000 was secured by federal depository insurance and the remaining bank balance of \$7,219,958 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).

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, 2012

3. Deposits and Investments (continued)

Deposits (continued)

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, 2012:

- 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 Asset and 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, 2012

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2012:

	Beginning Balance	Increases	Transfers	Ending Balance
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 7,307,200			\$7,307,200
Construction in progress	657,421	\$1,563,761	(\$22,619)	2,198,563
Total capital assets, not being depreciated	7,964,621	1,563,761	(22,619)	9,505,763
<i>Capital assets, being depreciated:</i>				
Site improvements	5,960,256			5,960,256
Buildings & building improvements	76,124,409	255,472	22,619	76,402,500
Machinery and equipment	15,228,086	870,259		16,098,345
Total capital assets, being depreciated	97,312,751	1,125,731	22,619	98,461,101
<i>Less accumulated depreciation for:</i>				
Site improvements	(2,449,931)	(240,890)		(2,690,821)
Buildings & building improvements	(26,976,236)	(1,642,961)		(28,619,197)
Machinery and equipment	(11,609,911)	(628,394)		(12,238,305)
Total accumulated depreciation	(41,036,078)	(2,512,245)		(43,548,323)
Total capital assets, being depreciated, net	56,276,673	(1,386,514)		54,912,778
Governmental activities capital assets, net	<u>\$ 64,241,294</u>	<u>\$177,247</u>		<u>\$ 64,418,541</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, 2012

4. Capital Assets (continued)

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

Regular instruction	\$ 128,765
Vocational instruction	172,948
Student and instruction related services	94,019
School administrative services	60,367
General administrative services	25,917
Plant operations and maintenance	146,379
Unallocated depreciation	1,883,850
	<u>\$ 2,512,245</u>

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2012:

Business-type activities:

	Beginning Balance	Increases	Ending Balance
<i>Capital assets being depreciated:</i>			
Equipment	\$ 35,068		\$ 35,068
Less accumulated depreciation	(21,758)	\$ (1,794)	(23,552)
Total business-type activities capital assets, net	<u>\$ 13,310</u>	<u>(1,794)</u>	<u>\$ 11,516</u>

5. Long-Term Liabilities

During the year ended June 30, 2012, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences payable	\$ 1,232,617	\$ 353,698	\$ (513,345)	\$ 1,072,969	\$ 5,307
Unfunded pension liability-county	930,000		(140,000)	790,000	145,000
Governmental activity Long-term liabilities	<u>\$ 2,162,617</u>	<u>\$ 353,698</u>	<u>\$ (653,345)</u>	<u>\$ 1,862,969</u>	<u>\$ 150,307</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, 2012

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
2013	\$ 180,647
2014	178,992
2015	176,543
2016	178,287
2017	179,515
Total minimum pension payments	893,984
Less: amount representing interest	103,984
Present value of net minimum pension payments	\$ 790,000

Bonds Payable and Bonds Authorized but Not Issued

As of June 30, 2012, 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, 2012, debt outstanding and recorded in the financial statements of the County of Middlesex related to the District amounted to \$28,723,000.

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, 2012

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, 2012

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 6.5% 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, 2012, the State of New Jersey contributed \$1,766,171 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 \$1,294,925 during the year ended June 30, 2012 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, 2012, 2011 and 2010 were \$586,443, \$587,880 and \$450,347 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, 2012

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, 2011, there were 93,323 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 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, 2012

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, 2012, 2011 and 2010 were \$1,179,454, \$1,217,443 and \$1,181,623 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, 2012

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, 2012.

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 2012, 2011 and 2010 were:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2011-12	\$ 250,195	\$ 116,261	\$ (123,506)	\$ 242,950
2010-11	489,635	(18,416)	(221,024)	250,195
2009-10	631,021	380,010	(521,396)	489,635

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 plans are Valic and Equitable.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

10. Interfund Receivables and Payables

The total interfund accounts receivables and payables for the District are as follows at June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 487,286	\$ 4,097,562
Special Revenue Fund		440,050
Capital Projects Fund	3,981,209	
Enterprise Fund – food service	45,536	
Payroll Agency Fund	23,581	
	\$ 4,537,612	\$4,537,612

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 collectability of any related receivable at June 30, 2012 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 Board of Education
of the Vocational and Technical High Schools
County of Middlesex

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2012

12. Contingent Liabilities (continued)

The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2012 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, 2012 was \$100 and no deposits or withdrawals were made during the year ended June 30, 2012.

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, 2012

14. Restricted Assets

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

15. Commitments

The District has contractual commitments at June 30, 2012 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$806,688.

In addition, the District has \$3,483,446 of contractual commitments at June 30, 2012 to vendors related to the ongoing construction projects, recorded as restricted for capital projects, in the capital projects fund.

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, 2012

	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	758,360		758,360	697,332	\$ (61,028)
Interest Earned	50,000		50,000	628	
Miscellaneous	551,099		551,099	571,039	19,940
Total - Local Sources	<u>24,674,301</u>	<u>-</u>	<u>24,674,301</u>	<u>24,583,841</u>	<u>(90,460)</u>
State Sources:					
Equalization Aid	10,908,143	198,381	11,106,524	11,304,905	198,381
Special Education Categorical Aid	1,062,397		1,062,397	1,062,397	
TPAF Pension (On-Behalf - Non-Budgeted)				1,766,171	1,766,171
TPAF Social Security (Reimbursed - Non-Budgeted)				1,294,925	1,294,925
Total State Sources	<u>11,970,540</u>	<u>198,381</u>	<u>12,168,921</u>	<u>15,428,398</u>	<u>3,259,477</u>
Federal Sources:					
Education Job Funds	449,232	14,074	463,306	463,306	
Medicaid Reimbursement	39,730		39,730	41,264	1,534
Total Federal Sources	<u>488,962</u>	<u>14,074</u>	<u>503,036</u>	<u>504,570</u>	<u>1,534</u>
Total Revenues	<u>37,133,803</u>	<u>212,455</u>	<u>37,346,258</u>	<u>40,516,809</u>	<u>3,170,551</u>
EXPENDITURES:					
Current Expenditures:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	4,732,350	10,000	4,742,350	4,738,471	3,879
Regular Programs - Home Instruction					
Salaries of Teachers	40,000	1,000	41,000	40,353	647
Purchased Educational Services	10,000	6,320	16,320	9,973	6,347
Regular Programs - Undistributed Instruction					
Other Purchased Services	2,407		2,407	443	1,964
Purchased Educational Services	25,000		25,000	17,367	7,633
General Supplies	152,500	171,557	324,057	150,394	173,663
Textbooks	97,950	11,000	108,950	106,808	2,142
Other Objects	2,500		2,500	2,500	
Total Regular Programs - Instruction	<u>5,062,707</u>	<u>199,877</u>	<u>5,262,584</u>	<u>5,063,809</u>	<u>198,775</u>
Bilingual Education - Instruction					
Salaries of Teachers	118,461		118,461	113,139	5,322
General Supplies	3,820		3,820	206	3,614
Total Bilingual Education - Instruction	<u>122,281</u>		<u>122,281</u>	<u>113,345</u>	<u>8,936</u>
Regular Vocational Programs - Local - Instruction					
Salaries of Teachers	2,930,984	(46,124)	2,884,860	2,876,027	8,833
Purchased Professional-Educational Services	15,000		15,000	13,400	1,600
Other Purchased Services	423,350	70,000	493,350	491,890	1,460
General Supplies	419,600	109,814	529,414	435,887	93,527
Textbooks	42,450	(6,000)	36,450	32,913	3,537
Other Objects	2,500		2,500	1,990	510
Total Regular Vocational Programs - Local - Instruction	<u>3,833,884</u>	<u>127,690</u>	<u>3,961,574</u>	<u>3,852,107</u>	<u>109,467</u>
Special Vocational Programs - Local - Instruction					
Salaries of Teachers	3,428,833	(350,000)	3,078,833	3,065,064	13,769
Purchased Professional-Educational Services	5,000		5,000	5,000	
Other Purchased Services	174,785	(15,000)	159,785	153,988	5,797
General Supplies	224,537	25,000	249,537	154,533	95,004
Textbooks	38,000		38,000	32,926	5,074
Other Objects	2,500		2,500	1,126	1,374
Total Special Vocational Programs - Local - Instruction	<u>3,873,655</u>	<u>(340,000)</u>	<u>3,533,655</u>	<u>3,407,637</u>	<u>126,018</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, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Co curricular Actvts. - Instruction					
Salaries	\$ 102,515		\$ 102,515	\$ 95,827	\$ 6,688
General Supplies	7,500		7,500	1,440	6,060
Other Objects	15,000		15,000	3,698	11,302
Transfers to Cover Deficit (Agency Funds)	2,000		2,000		2,000
Total School-Spon. Co curricular Actvts. - Instruction	<u>127,015</u>		<u>127,015</u>	<u>100,965</u>	<u>26,050</u>
School-Spon. Athletics - Instruction					
Salaries	245,780	\$ 26,000	271,780	270,589	1,191
Supplies and Materials	76,900	7,500	84,400	73,627	10,773
Other Objects	17,500	6,500	24,000	21,329	2,671
Total School-Spon. Athletics - Instruction	<u>340,180</u>	<u>40,000</u>	<u>380,180</u>	<u>365,545</u>	<u>14,635</u>
Total Instruction	<u>13,359,722</u>	<u>27,567</u>	<u>13,387,289</u>	<u>12,903,408</u>	<u>483,881</u>
Undistributed Expenditures:					
Undist. Expend. - Health Services					
Salaries	379,660	(33,000)	346,660	338,724	7,936
Purchased Professional Services	20,000	33,000	53,000	46,563	6,437
Supplies and Materials	16,000		16,000	10,960	5,040
Other Objects	500		500	160	340
Total Undistributed Expenditures - Health Services	<u>416,160</u>	<u>-</u>	<u>416,160</u>	<u>396,407</u>	<u>19,753</u>
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries of Other Professional Staff	145,019	5,000	150,019	147,207	2,812
Educational Services	3,000		3,000		3,000
Supplies and Materials	3,000		3,000	1,220	1,780
Total Undist. Expend.-Other Supp. Serv. Students-Related Serv.	<u>151,019</u>	<u>5,000</u>	<u>156,019</u>	<u>148,427</u>	<u>7,592</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	838,915	(20,000)	818,915	805,116	13,799
Salaries of Secretarial and Clerical Assistants	191,685		191,685	185,995	5,690
Other Purchased Prof. and Tech. Services	10,000		10,000		10,000
Other Purchased Services	12,500	(2,500)	10,000	466	9,534
Supplies and Materials	17,500	20,000	37,500	15,433	22,067
Other Objects	11,500	(5,000)	6,500	323	6,177
Total Undist. Expend. - Guidance	<u>1,082,100</u>	<u>(7,500)</u>	<u>1,074,600</u>	<u>1,007,333</u>	<u>67,267</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	1,013,055	(129,427)	883,628	870,243	13,385
Other Purchased Services	7,900	2,500	10,400	7,965	2,435
Supplies and Materials	7,700	30,000	37,700	4,852	32,848
Other Objects	5,250		5,250	282	4,968
Total Undist. Expend. - Child Study Teams	<u>1,033,905</u>	<u>(96,927)</u>	<u>936,978</u>	<u>883,342</u>	<u>53,636</u>
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	365,089	39,500	404,589	384,594	19,995
Salaries of Other Professional Staff	32,043	(32,000)	43		43
Salaries of Secretarial and Clerical Assistants	131,328	(15,000)	116,328	105,342	10,986
Purchased Professional - Educational Services	875		875	392	483
Other Purchased Prof. and Tech. Services	650		650	382	268
Other Purchased Services	6,500		6,500	5,335	1,165
Supplies and Materials	19,000		19,000	11,607	7,393
Other Objects	1,900		1,900	85	1,815
Total Undist. Expend. - Improvement of Inst. Serv.	<u>557,385</u>	<u>(7,500)</u>	<u>549,885</u>	<u>507,737</u>	<u>42,148</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	358,561		358,561	356,371	2,190
Supplies and Materials	50,000	(4,960)	45,040	43,719	1,321
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>408,561</u>	<u>(4,960)</u>	<u>403,601</u>	<u>400,090</u>	<u>3,511</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, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	\$ 53,989	\$ 12,500	\$ 66,489	\$ 60,921	\$ 5,568
Salaries of Secretarial and Clerical Assistants	21,903		21,903	16,793	5,110
Purchased Professional - Educational Services	10,875		10,875	5,916	4,959
Other Purchased Prof. and Tech. Services	650		650		650
Other Purchased Services	13,500	5,000	18,500	16,330	2,170
Supplies and Materials	3,000		3,000	65	2,935
Other Objects	2,000		2,000		2,000
Total Undist. Expend. - Instructional Staff Training Serv.	105,917	17,500	123,417	100,025	23,392
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	482,773	2,500	485,273	484,410	863
Other Purchased Professional Services	121,400	55,500	176,900	114,481	62,419
Purchased Technical Services	55,000	15,900	70,900	61,442	9,458
Communications/Telephone	320,400	(45,000)	275,400	258,388	17,012
BOE Other Purchased Services	7,500		7,500	1,708	5,792
Other Purchased Services	152,320	(20,000)	132,320	124,670	7,650
Supplies and Materials	25,000	10,000	35,000	23,882	11,118
BOE Meeting Supplies	4,000		4,000	1,548	2,452
Miscellaneous Expenditures	48,275		48,275	43,283	4,992
BOE Membership Dues and Fees	35,000		35,000	29,756	5,244
Total Undist. Expend. - Supp. Serv. - General Admin.	1,251,668	18,900	1,270,568	1,143,568	127,000
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	1,298,265	345,000	1,643,265	1,611,871	31,394
Salaries of Other Professional Staff	94,218		94,218	93,836	382
Salaries of Secretarial and Clerical Assistants	798,751	35,000	833,751	831,662	2,089
Purchased Professional and Technical Services	500		500		500
Other Purchased Services	25,500	(5,000)	20,500	6,083	14,417
Supplies and Materials	102,300	94,190	196,490	112,399	84,091
Other Objects	20,000		20,000	7,863	12,137
Total Undist. Expend. - Support Serv. - School Admin.	2,339,534	469,190	2,808,724	2,663,714	145,010
Undist. Expend. - Support Serv.-Central Services					
Salaries	761,751	15,500	777,251	775,918	1,333
Purchased Professional Services	500		500		500
Purchased Technical Services	500		500		500
Other Purchased Services	50,400	150	50,550	46,644	3,906
Supplies and Materials	28,000	10,867	38,867	34,452	4,415
Interest for Lease Purchase Agreements	100		100		100
Other Objects	4,000		4,000	3,350	650
Total Undist. Expend. - Support Serv.-Central Services	845,251	26,517	871,768	860,364	11,404
Undist. Expend. - Support Serv. - Admin. Info. Technology					
Salaries	371,422	20,000	391,422	386,847	4,575
Purchased Professional Services	1,000		1,000		1,000
Purchased Technical Services	4,500		4,500	882	3,618
Other Purchased Services	12,500	(5,000)	7,500	4,326	3,174
Supplies and Materials	40,500	40,665	81,165	56,510	24,655
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Support Serv.- Admin. Info. Technology	430,922	55,665	486,587	448,565	38,022
Undist. Expend. - Required Maint. For Sch. Facilities					
Salaries	460,463	(15,000)	445,463	413,054	32,409
Cleaning, Repair and Maintenance Services	409,714	269,579	679,293	546,933	132,360
General Supplies	109,500	63,365	172,865	134,423	38,442
Total Undist. Expend. - Required Maint. For Sch. Facilities	979,677	317,944	1,297,621	1,094,410	203,211

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, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	\$ 1,659,614		\$ 1,659,614	\$ 1,639,534	\$ 20,080
Purchased Professional and Technical Services	325,000	\$ 71,457	396,457	360,461	35,996
Cleaning, Repair and Maintenance Services	414,423	(96,034)	318,389	290,844	27,545
Other Purchased Property Services	103,400	15,000	118,400	107,078	11,322
Insurance	197,500	(5,000)	192,500	185,132	7,368
Miscellaneous Purchased Services	5,000		5,000	1,993	3,007
General Supplies	172,500	80,416	252,916	172,124	80,792
Energy (Natural Gas)	691,555	(155,000)	536,555	438,818	97,737
Energy (Electricity)	1,630,322	(200,000)	1,430,322	1,368,962	61,360
Other Objects	15,000		15,000	14,697	303
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>5,214,314</u>	<u>(289,161)</u>	<u>4,925,153</u>	<u>4,579,643</u>	<u>345,510</u>
Care and Upkeep of Grounds					
Salaries	352,982	30,000	382,982	374,634	8,348
Purchased Professional and Technical Services	500		500		500
Cleaning, Repair and Maintenance Services	45,000	105,063	150,063	136,747	13,316
General Supplies	30,000	41,738	71,738	47,601	24,137
Other Objects	1,000		1,000		1,000
Total Care and Upkeep of Grounds	<u>429,482</u>	<u>176,801</u>	<u>606,283</u>	<u>558,982</u>	<u>47,301</u>
Security					
Purchased Professional and Technical Services	135,000	95,000	230,000	226,001	3,999
Cleaning, Repair and Maintenance Services	15,000	(10,000)	5,000		5,000
General Supplies	5,000		5,000		5,000
Other Objects	1,000		1,000		1,000
Total Security	<u>156,000</u>	<u>85,000</u>	<u>241,000</u>	<u>226,001</u>	<u>14,999</u>
Undist. Expend. - Student Transportation Serv.					
Contract Ed Services (Other than Between Home & Sch)-Vendors	131,165	15,000	146,165	97,885	48,280
Total Undist. Expend. - Student Transportation Serv.	<u>131,165</u>	<u>15,000</u>	<u>146,165</u>	<u>97,885</u>	<u>48,280</u>
Unallocated Benefits					
Social Security Contributions	494,000	25,811	519,811	515,539	4,272
T.P.A.F. Contributions - Regular		32,221	32,221	32,221	
T.P.A.F. Contributions - ERIP	157,000		157,000	156,195	805
Other Retirement Contributions - PERS	650,000	(45,000)	605,000	586,443	18,557
Other Retirement Contributions - ERIP	26,000		26,000	25,575	425
Unemployment Compensation	280,000	(155,000)	125,000	112,946	12,054
Workmen's Compensation	404,500		404,500	359,860	44,640
Health Benefits	5,447,220	(147,526)	5,299,694	5,214,747	84,947
Tuition Reimbursement	42,000		42,000	39,117	2,883
Total Unallocated Benefits	<u>7,500,720</u>	<u>(289,494)</u>	<u>7,211,226</u>	<u>7,042,643</u>	<u>168,583</u>
On-behalf TPAF Pension Contributions (non-budgeted)				1,766,171	(1,766,171)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,294,925	(1,294,925)
Total On-behalf Contributions				<u>3,061,096</u>	<u>(3,061,096)</u>
Total Personal Services-Employee Benefits	<u>7,500,720</u>	<u>(289,494)</u>	<u>7,211,226</u>	<u>10,103,739</u>	<u>(2,892,513)</u>
Total Undistributed Expenditures	<u>23,033,780</u>	<u>491,976</u>	<u>23,525,756</u>	<u>25,220,232</u>	<u>(1,694,476)</u>
Total General Current Expense	<u>36,393,502</u>	<u>519,543</u>	<u>36,913,045</u>	<u>38,123,640</u>	<u>(1,210,595)</u>
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services					
Construction Services	71,686		71,686	71,686	
Total Facilities Acquisition and Construction Services	<u>71,686</u>	<u>-</u>	<u>71,686</u>	<u>71,686</u>	<u>-</u>
Total Capital Outlay	<u>71,686</u>	<u>-</u>	<u>71,686</u>	<u>71,686</u>	<u>-</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, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Schools:					
Post - Secondary Programs - Instruction					
Salaries of Teachers	\$ 818,691	\$ (30,000)	\$ 788,691	\$ 732,250	\$ 56,441
Purchased Prof. and Tech. Services	5,800		5,800	200	5,600
Other Purchased Services	5,200		5,200	160	5,040
General Supplies	65,500	10,243	75,743	49,602	26,141
Textbooks	4,675	470	5,145	543	4,602
Other Objects	3,200	85	3,285	388	2,897
Total Post - Secondary Programs - Instruction	903,066	(19,202)	883,864	783,143	100,721
Post - Secondary Programs - Support Services					
Salaries	113,993		113,993	108,566	5,427
Other Purchased Services	2,000		2,000	300	1,700
Supplies and Materials	4,000		4,000	3,330	670
Other Objects	2,000		2,000	360	1,640
Total Post - Secondary Programs - Support Services	121,993		121,993	112,556	9,437
Total Post - Secondary Programs	1,025,059	(19,202)	1,005,857	895,699	110,158
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		425,571	247,009	178,562
Other Salaries for Instruction	5,000		5,000	624	4,376
General Supplies	94,900	2,883	97,783	60,981	36,802
Textbooks	16,300		16,300	380	15,920
Total Vocational Evening-Local-Instruction	541,771	2,883	544,654	308,994	235,660
Vocational Evening-Local-Support Serv.					
Salaries	339,134		339,134	315,347	23,787
Supplies and Materials	23,750		23,750	18,114	5,636
Other Objects	28,250		28,250	15,103	13,147
Total Vocational Evening-Local-Support Serv.	391,134	-	391,134	348,564	42,570
Total Vocational Evening-Local	932,905	2,883	935,788	657,558	278,230
Total Special Schools	1,958,615	(16,319)	1,942,296	1,553,257	389,039
Total Expenditures	38,423,803	503,224	38,927,027	39,748,583	(821,556)

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, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Deficiency) Excess of Revenues (Under) Over Expenditures	\$ (1,290,000)	\$ (290,769)	\$ (1,580,769)	\$ 768,226	\$ 2,348,995
Other Financing (Uses):					
Transfer to Food Service Fund	(10,000)		(10,000)	-	10,000
Total Other Financing (Uses):	(10,000)		(10,000)	-	10,000
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing (Uses)	(1,300,000)	(290,769)	(1,590,769)	768,226	2,358,995
Fund Balance, July 1	3,326,901		3,326,901	3,326,901	
Fund Balance, June 30	<u>\$ 2,026,901</u>	<u>\$ (290,769)</u>	<u>\$ 1,736,132</u>	<u>\$ 4,095,127</u>	<u>\$ 2,358,995</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing uses					
Budgeted fund balance	\$ (1,300,000)		\$ (1,300,000)	\$ 1,058,995	\$ 2,358,995
Adjustment for prior year encumbrances		\$ (290,769)	(290,769)	(290,769)	
Total	<u>\$ (1,300,000)</u>	<u>\$ (290,769)</u>	<u>\$ (1,590,769)</u>	<u>\$ 768,226</u>	<u>\$ 2,358,995</u>
Recapitulation of fund balance:					
Restricted Fund Balance:					
Capital reserve account - restricted				\$ 100	
Assigned Fund Balance:					
Year-end encumbrances - assigned				806,688	
Designated for subsequent year's expenditures - assigned				1,200,000	
Unassigned Fund Balance				<u>2,088,339</u>	
				4,095,127	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				(1,229,558)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,865,569</u>	

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Education Jobs Fund Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2012

	Budget	Budget Transfers	Final Budget	Actual	Variance
Revenues:					
Federal sources:					
Education Jobs Fund	\$ 449,232	\$ 14,074	\$ 463,306	\$ 463,306	
Total revenues	449,232	14,074	463,306	463,306	-
Expenditures:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	49,132		49,132	49,132	
Total Regular Programs	49,132	-	49,132	49,132	-
Bilingual Education - Instruction:					
Salaries of Teachers	48,282		48,282	48,282	
Total Bilingual Education	48,282	-	48,282	48,282	-
Special Vocational Programs - Instruction:					
Salaries of Teachers	54,094		54,094	54,094	
Total Special Vocational Programs	54,094	-	54,094	54,094	-
Total Insutruction	151,508	-	151,508	151,508	-
Speech, OT, PT & Related Svcs:					
Salaries	62,457		62,457	62,457	
Total Vocational Programs	62,457	-	62,457	62,457	-
Child Study Teams:					
Salaries of Other Prof. Staff	55,173		55,173	55,173	
Total Special Vocational Programs	55,173	-	55,173	55,173	-
Educational Media Serv/ Sch Library:					
Salaries	68,257		68,257	68,257	
Total Vocational Programs	68,257	-	68,257	68,257	-
Undistributed Expenditures:					
Social Security Contributions	11,737	14,074	25,811	25,811	
T.P.A.F Contributions - Regular	32,221		32,221	32,221	
Health Benefits	67,879		67,879	67,879	
Total Unallocated Benefits	111,837	14,074	125,911	125,911	-
Total Undistributed Expenditures	297,724	14,074	311,798	311,798	-
Total Expenditures	449,232	14,074	463,306	463,306	-
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 462,403		\$ 462,403	\$ 284,029	\$ (178,374)
State Sources	44,160		44,160	42,688	(1,472)
Federal Sources	1,823,437	\$ 92,343	1,915,780	1,764,362	(151,418)
Total Revenues	2,330,000	92,343	2,422,343	2,091,079	(331,264)
EXPENDITURES:					
Instruction					
Salaries of Teachers	753,846	69,873	823,719	678,570	145,149
Purchased Professional and Technical Services	91,067	(43,888)	47,179	17,559	29,620
General Supplies	284,078	15,479	299,557	293,588	5,969
Total Instruction	1,128,991	41,464	1,170,455	989,717	180,738
Support Services					
Salaries of Other Professional Staff	452,023		452,023	443,787	8,236
Personal Services - Employee Benefits	267,469	12,884	280,353	254,505	25,848
Other Purchased Professional Services	164,633	19,614	184,247	102,823	81,424
Travel	3,981		3,981	1,191	2,790
Transportation	600		600	600	
Other Purchased Services	32,472		32,472	27,212	5,260
Supplies & Materials	43,297	4,299	47,596	44,061	3,535
Other Objects	102,000		102,000	85,602	16,398
Total Support Services	1,066,475	36,797	1,103,272	959,781	143,491
Facilities Acquisition and Construction Services					
Instructional Equipment	134,534	14,082	148,616	141,581	7,035
Total Facilities Acquisition and Construction Services	134,534	14,082	148,616	141,581	7,035
Total Expenditures	2,330,000	92,343	2,422,343	2,091,079	331,264
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
Budget to GAAP Reconciliation
Year Ended June 30, 2012

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] \$ 40,516,809	[C-2] \$ 2,091,079
 Difference - budget to GAAP:		
State aid payments recognized for budgetary purposes, not recognized for GAAP statements		
Prior year	1,145,043	
Current year	(1,229,558)	
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 40,432,294	[B-2] \$ 2,091,079

Supplementary Information

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, 2012

	Total Brought Forward (Ex. E-1a)	Title I Part A Regular Program	Title I Part A Summer Carryover	Title I SIA Summer Program	Title II Part A Regular Carryover	Title II Part D Summer Program	Math In CTE Program	Carl Perkins Entitlement Secondary Program	Carl Perkins Entitlement Postsecondary Program	Totals
REVENUES:										\$ 284,029
Local Sources	\$ 284,029									42,688
State Sources	42,688									1,764,362
Federal Sources	556,121	\$ 352,354	\$ 13,290	\$ 2,562	\$ 43,092	\$ 4,705	\$ 220,955	\$ 477,303	\$ 93,980	\$ 2,091,079
Total Revenues	\$ 882,838	\$ 352,354	\$ 13,290	\$ 2,562	\$ 43,092	\$ 4,705	\$ 220,955	\$ 477,303	\$ 93,980	
EXPENDITURES:										
Instruction										\$ 678,570
Salaries of Teachers	\$ 375,567	\$ 182,425	\$ 5,202	\$ 1,734				\$ 113,642		\$ 17,559
Purchased Professional and Technical Services	2,000	14,059						1,500		293,588
General Supplies	26,606	11,748		695				172,146	\$ 82,393	989,717
Total Instruction	404,173	208,232	5,202	2,429				287,288	82,393	
Support Services										
Salaries of Other Professional Staff	286,412	36,332					\$ 94,056	26,987		443,787
Personal Services - Employee Benefits	145,370	53,115	398	133			28,500	26,989		254,505
Other Purchased Professional & Technical Services	1,755	54,675	7,690		\$ 33,574	\$ 4,705		424		102,823
Travel							341	850		1,191
Transportation	600									600
Other Purchased Services	11,535						8,877	6,800		27,212
Supplies & Materials	30,412				9,518		4,131			44,061
Other Objects	552						85,050			85,602
Total Support Services	476,636	144,122	8,088	133	43,092	4,705	220,955	62,050		959,781
Facilities Acquisition and Construction Services										
Instructional Equipment	2,029							127,965	11,587	141,581
Total Facilities Acquisition and Construction Services	2,029							127,965	11,587	141,581
Total Expenditures	\$ 882,838	\$ 352,354	\$ 13,290	\$ 2,562	\$ 43,092	\$ 4,705	\$ 220,955	\$ 477,303	\$ 93,980	\$ 2,091,079

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, 2012

	Total Brought Forward (Ex. E-1b)	I.D.E.A. Part B Regular Program	Anderson Foundation	Title I Part A ARRA	Apprentice Coordinator Program	CSH Grant	U Got Brains	State House Express Grant	Fuel Up To Play 60	Total Carried Forward
REVENUES:										
Local Sources	\$ 279,607		\$ 2,955				\$ 1,000	\$ 300	\$ 167	\$ 284,029
State Sources					15,365	\$ 27,323				42,688
Federal Sources		\$ 550,893		\$ 5,228						556,121
Total Revenues	\$ 279,607	\$ 550,893	\$ 2,955	\$ 5,228	\$ 15,365	\$ 27,323	\$ 1,000	\$ 300	\$ 167	\$ 882,838
EXPENDITURES:										
Instruction										
Salaries of Teachers	\$ 152,361	\$ 223,206								\$ 375,567
Purchased Professional and Technical Services	2,000									2,000
General Supplies	13,209	10,898	\$ 926	\$ 1,406					\$ 167	26,606
Total Instruction	167,570	234,104	926	1,406					167	404,173
Support Services										
Salaries of Other Professional Staff	40,400	216,980			\$ 15,032	\$ 14,000				286,412
Personal Services - Employee Benefits	45,561	99,809								145,370
Other Purchased Professional & Technical Services	255					1,500				1,755
Travel										-
Transportation	300							\$ 300		600
Other Purchased Services	10,925					610				11,535
Supplies & Materials	14,596			3,822	333	10,661	\$ 1,000			30,412
Other Objects						552				552
Total Support Services	112,037	316,789		3,822	15,365	27,323	1,000	300		476,636
Facilities Acquisition and Construction Services										
Instructional Equipment			2,029							2,029
Facilities Acquisition and Construction Services			2,029							2,029
Total Expenditures	\$ 279,607	\$ 550,893	\$ 2,955	\$ 5,228	\$ 15,365	\$ 27,323	\$ 1,000	\$ 300	\$ 167	\$ 882,838

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, 2012

	Lowe's Educational Grant	State House Express 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	\$ 2,236	\$ 300	\$ 255	\$ 25,521	\$ 400	\$ 2,000	\$ 103,921	\$ 104,974	\$ 40,000	\$ 279,607
Total Revenues	<u>\$ 2,236</u>	<u>\$ 300</u>	<u>\$ 255</u>	<u>\$ 25,521</u>	<u>\$ 400</u>	<u>\$ 2,000</u>	<u>\$ 103,921</u>	<u>\$ 104,974</u>	<u>\$ 40,000</u>	<u>\$ 279,607</u>
EXPENDITURES										
Instruction										
Salaries of Teachers							\$ 77,121	\$ 75,240		\$ 152,361
Purchased Professional and Technical Services						\$ 2,000				2,000
General Supplies	\$ 2,236						2,693	8,280		13,209
Total Instruction	<u>2,236</u>					<u>2,000</u>	<u>79,814</u>	<u>83,520</u>		<u>167,570</u>
Support Services										
Salaries of Other Professional Staff					\$ 400				\$ 40,000	40,400
Personal Services - Employee Benefits							24,107	21,454		45,561
Other Purchased Professional & Technical Services			\$ 255							255
Transportation		\$ 300								300
Other Purchased Services				\$ 10,925						10,925
Supplies & Materials				14,596						14,596
Total Support Services		<u>300</u>	<u>255</u>	<u>25,521</u>	<u>400</u>		<u>24,107</u>	<u>21,454</u>	<u>40,000</u>	<u>112,037</u>
Total Expenditures	<u>\$ 2,236</u>	<u>\$ 300</u>	<u>\$ 255</u>	<u>\$ 25,521</u>	<u>\$ 400</u>	<u>\$ 2,000</u>	<u>\$ 103,921</u>	<u>\$ 104,974</u>	<u>\$ 40,000</u>	<u>\$ 279,607</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 Project Expenditures - Budgetary Basis
Year Ended June 30, 2012

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2012
			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	2,421,736	\$ 505,259	\$ 73,005
Capital Outlay - County	7/1/2010	3,100,000	249,403	1,190,786	1,659,811
Capital Outlay - County	7/1/2011	3,100,000		851,867	2,248,133
		\$ 46,176,506	\$ 39,647,645	\$ 2,547,912	\$ 3,980,949

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, 2012

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	308,620
Construction Services	1,505,591
Other Objects	5,022
Equipment Purchases	<u>728,679</u>
Total Expenditures and Other Financing Uses	<u>2,547,912</u>
Excess of revenues over expenditures	552,088
Fund Balance - Beginning - July 1	<u>3,428,861</u>
Fund Balance - Ending - June 30	<u>\$ 3,980,949</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, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>
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, 2012

	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, 2012**

	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	3,000,000		3,000,000
Expenditures			
Purchased Professional and Technical Services	254,082	\$ 9,946	264,028
Construction Services	1,999,991	235,528	2,235,519
Other Objects	26,924	-	26,924
Equipment Purchases	140,739	259,785	400,524
Total Expenditures	2,421,736	505,259	2,926,995
Excess (deficiency) or revenues Over (under) expenditures	\$ 578,264	\$ (505,259)	\$ 73,005
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		98%	
Original Target Completion Date		Jun-11	
Revised Target Completion Date		Jun-13	

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, 2012

	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		-	3,100,000
Expenditures			
Purchased Professional and Technical Services	67,144	123,254	190,398
Construction Services	-	882,601	882,601
Other Objects	18,373	(2,737)	15,636
Equipment Purchases	163,886	187,668	351,554
Total Expenditures	249,403	1,190,786	1,440,189
Excess (deficiency) or revenues			
Over (under) expenditures	\$ 2,850,597	\$ (1,190,786)	\$ 1,659,811
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		46%	
Original Target Completion Date		Jun-12	
Revised Target Completion Date		Jun-13	

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, 2012

	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		3,100,000	3,100,000
Expenditures			
Purchased Professional and Technical Services	-	175,420	175,420
Construction Services	-	387,462	387,462
Other Objects	-	7,759	7,759
Equipment Purchases	-	281,226	281,226
Total Expenditures	-	851,867	851,867
Excess (deficiency) or revenues Over (under) expenditures	\$ -	\$ 2,248,133	\$ 2,248,133
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		27%	
Original Target Completion Date		Jun-12	
Revised Target Completion Date		Jun-13	

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, 2012

	Trust	Agency		Total Agency
	Private-Purpose Scholarship Fund	Student Activity	Payroll	
ASSETS				
Cash and cash equivalents	\$ 7,475	\$ 68,201	\$ 51,696	\$ 119,897
Interfund receivable			23,581	23,581
Total assets	<u>7,475</u>	<u>\$ 68,201</u>	<u>\$ 75,277</u>	<u>\$ 143,478</u>
LIABILITIES				
Payable to student groups		\$ 68,201		\$ 68,201
Payroll deductions and withholdings payable			\$ 75,277	\$ 75,277
Total liabilities		<u>\$ 68,201</u>	<u>\$ 75,277</u>	<u>\$ 143,478</u>
NET ASSETS				
Held in trust for scholarships	<u>7,475</u>			
Total net assets	<u>\$ 7,475</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, 2012

	<u>Private-Purpose Scholarship Fund</u>
ADDITIONS	
Investment earnings:	
Interest	<u>\$ 2</u>
Total additions	<u> 2</u>
DEDUCTIONS	
Bank service charges	<u> 53</u>
Total deductions	<u> 53</u>
Change in net assets	(51)
Net assets—beginning of the year	<u> 7,526</u>
Net assets—end of the year	<u><u> \$ 7,475</u></u>

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, 2012

Schools	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2012</u>
Perth Amboy	\$ 3,619	\$ 24,011	\$ 22,572	\$ 5,058
East Brunswick	27,818	54,276	59,877	22,217
Woodbridge	5,799	25,049	23,417	7,431
Piscataway	8,319	53,572	52,616	9,275
The Academy	22,692	46,969	45,441	24,220
Total all schools	\$ 68,247	\$ 203,877	\$ 203,923	\$ 68,201

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, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets:				
Cash and cash equivalents	\$ 172,245	\$ 12,860,576	\$ 12,981,125	\$ 51,696
Interfund Receivable	-	77,297	100,878	23,581
Total assets	<u>\$ 172,245</u>	<u>\$ 12,937,873</u>	<u>\$ 13,082,003</u>	<u>\$ 75,277</u>
Liabilities:				
Payroll deductions and withholdings payable	\$ 168,651	\$ 12,859,416	\$ 12,952,790	\$ 75,277
Interfund payable	3,594	1,161	4,755	-
Total liabilities	<u>\$ 172,245</u>	<u>\$ 12,860,577</u>	<u>\$ 12,957,545</u>	<u>\$ 75,277</u>

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 Nine Fiscal Years
Unaudited
(accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 64,418,541
Restricted	171,979	147,394	706,821	718,053	875,222	1,589,750	3,397,498	3,428,961	3,981,049
Unrestricted (deficit)	2,145,622	2,698,159	4,541,888	5,905,342	2,893,086	2,206,259	(274,861)	19,141	1,002,500
Total governmental activities net assets	\$ 63,714,201	\$ 63,776,019	\$ 65,375,880	\$ 67,056,455	\$ 67,063,547	\$ 67,585,063	\$ 67,103,520	\$ 67,689,396	\$ 69,402,090
Business-type activities									
Invested in capital assets	\$ 3,535	\$ 2,207	\$ 1,947	\$ 1,687	\$ 1,428	\$ 1,168	\$ 15,104	\$ 13,310	\$ 11,516
Unrestricted	9,547	10,154	1,353	1,430	2,009	1,310	18,203	20,700	45,167
Total business-type activities net assets	\$ 13,082	\$ 12,361	\$ 3,300	\$ 3,117	\$ 3,437	\$ 2,478	\$ 33,307	\$ 34,010	\$ 56,683
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	\$ 64,430,057
Restricted	171,979	147,394	706,821	718,053	875,222	1,589,750	3,397,498	3,428,961	3,981,049
Unrestricted (deficit)	2,155,169	2,708,313	4,543,241	5,906,772	2,895,095	2,207,569	(256,658)	39,841	1,047,667
Total district net assets	\$ 63,727,283	\$ 63,788,380	\$ 65,379,180	\$ 67,059,572	\$ 67,066,984	\$ 67,587,541	\$ 67,136,827	\$ 67,723,406	\$ 69,458,773

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 Nine Fiscal Years
Unaudited
(accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses									
Governmental activities									
Instruction									
Regular	\$ 7,922,226	\$ 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	163,490	156,056	151,288	165,193	196,553	177,318	194,918	186,238	191,490
Other instruction	10,566,743	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	628,912	570,248	540,165	538,214	545,128	516,872	496,988	550,405	604,191
Support Services:									
Support services - students & instruction	5,662,462	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	3,875,926	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	1,376,369	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	7,769,241	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	97,885	89,482	94,530	130,297	140,779	179,890	311,404	139,779	103,754
Other Support Services	1,795,036	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	2,168,539	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	1,883,850	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	43,910,679	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	606,486	604,450	622,131	637,771	680,915	735,140	689,531	617,464	613,302
Total business-type activities expense	606,486	604,450	622,131	637,771	680,915	735,140	689,531	617,464	613,302
Total district expenses	\$ 44,517,165	\$ 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	\$ 1,949,498	\$ 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	1,949,498	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	257,829	249,210	279,717	306,485	347,080	354,339	357,765	325,409	329,228
Operating grants and contributions	371,330	349,404	373,048	321,196	289,678	290,170	263,074	250,198	268,705
Total business-type activities program revenues	629,159	598,614	652,765	627,681	636,758	644,509	620,839	575,607	597,933
Total district program revenues	\$ 2,578,657	\$ 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									
Total expenses	\$ (41,961,181)	\$ (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									
Total expenses	22,673	(5,836)	30,634	(10,090)	(44,157)	(90,631)	(68,692)	(41,857)	(15,369)
Total district-wide net expense	\$ (41,938,508)	\$ (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	\$ 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	15,990,034	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	3,100,000	3,000,000						
Gain on refunding of bonds for ERIP									71,622
Tuition received	697,332	667,574	609,807	667,554	700,438	727,864	750,006	798,622	633,527
Investment earnings	628	4,942	18,070	54,631	280,195	464,981	307,250	85,705	37,998
Miscellaneous income	571,039	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	43,673,875	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	\$ 43,673,875	\$ 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									
Total expenses	\$ 1,712,694	\$ 585,875	\$ (481,543)	\$ 521,516	\$ 7,092	\$ 1,680,575	\$ 1,599,861	\$ 61,818	\$ 878,401
Business-type activities									
Total expenses	22,673	703	30,829	(959)	320	(183)	(9,061)	(721)	963
Total district	\$ 1,735,367	\$ 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 Nine Fiscal Years
Unaudited
(modified accrual basis of accounting)

	Fiscal year ended June 30.								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 100
Assigned to								1,590,769	2,006,688
Unassigned								590,989	858,781
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>\$ 2,181,838</u>	<u>\$ 2,865,569</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:								\$ 3,428,861	\$ 3,980,949
Capital Projects Fund									
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>	<u>\$ 3,980,949</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>	<u>\$ 6,846,518</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,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Tax levy	\$ 26,414,842	\$ 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
Tuition charges	697,332	667,574	609,807	667,554	700,438	727,864	750,006	798,622	633,527	540,888
Interest earnings	628	4,942	18,070	54,631	280,195	464,981	307,250	85,705	37,998	60,857
Miscellaneous	855,068	714,085	833,290	799,370	816,810	2,412,568	2,178,457	954,465	823,875	698,616
State sources	15,386,571	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
Federal sources	2,268,932	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
Total revenue	45,623,373	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
Expenditures										
Instruction										
Regular instruction	5,681,845	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
Vocational education instruction	7,631,425	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
Other instruction	113,345	110,833	109,039	127,299	141,137	141,423	148,726	147,221	150,790	130,250
Adult/continuing education	466,510	436,270	410,384	423,088	405,006	410,434	385,062	459,844	499,974	400,880
Support Services:										
Student & instruction related services	4,148,636	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
General administration	1,143,568	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
School administrative services	2,663,714	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
Plant operations and maintenance	6,459,037	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
Pupil transportation	97,885	89,482	94,530	130,297	140,779	179,890	311,404	139,779	103,754	111,916
Other support services	1,308,929	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
Employee benefits	10,358,244	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
Special schools	1,553,257	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
Capital outlay	2,761,179	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
Total expenditures	44,387,574	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
Excess (Deficiency) of revenues over (under) expenditures	1,235,799	158,380	(639,360)	(8,621)	(2,607,828)	1,533,211	2,286,173	380,151	(5,852,674)	(10,690,034)
Other Financing sources (uses)										
Transfers in									19,327	7,148,657
Transfers out	-	(6,500)	(142,304)	(8,500)	(42,500)	(89,000)	(58,850)	(40,000)	(15,000)	(15,600)
Total other financing sources (uses)	-	(6,500)	(142,304)	(8,500)	(42,500)	(89,000)	(58,850)	(40,000)	4,327	7,133,057
Net change in fund balances	\$ 1,235,799	\$ 151,880	\$ (781,664)	\$ (17,121)	\$ (2,650,328)	\$ 1,444,211	\$ 2,227,323	\$ 340,151	\$ (5,848,347)	\$ (3,556,977)
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
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
2012	45,144	409,806	29,518	20,748		65,823	571,039

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
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	810,747	39,123,407,232	48,256	8.7%
2011	814,217	N/A	N/A	8.4%
2012	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 2010 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>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>	<u>2012</u>
Instruction										
Regular	72	75	75	74	74	76	75	77	77	77
Vocational	142	135	130	131	130	101	99	93	86	84
Support Services:										
Student & instruction related services	54	51	54	53	54	52	50	53	49	49
General administration	23	21	21	18	18	5	4	4	6	6
School administrative services	51	49	50	42	43	39	39	40	33	38
Central services	9	9	9	9	9	12	13	13	12	11
Administrative Information Technology	5	6	7	8	8	7	7	6	5	6
Plant operations and maintenance	45	51	45	43	43	49	48	50	47	48
Other support services			9	7	7					
Special Schools	21	21	20	20	19	19	19	19	19	18
Total	<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>	<u>337</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				
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%	93.60%
2012	2,279.5	41,626,395	18,261	0.95%	204	N/A	N/A	1:11.2	2001.7	1875.9	-2.14%	93.70%

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**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Building										
High School										
New Brunswick (1919)										
Square Feet	68,815	N/A								
Capacity (students)	244	N/A								
Enrollment	80	N/A								
Perth Amboy - Old (1927) *										
Square Feet	65,381	N/A								
Capacity (students)	256	N/A								
Enrollment	310	N/A								
Perth Amboy - New (2004)										
Square Feet	N/A	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000
Capacity (students)	N/A	442	442	442	442	442	442	442	442	442
Enrollment	N/A	351	335	347	347	383	354	361	300	295
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	390	359	326	284	284	233	194	204	224	182
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	895	875	824	834	834	788	748	684	645	616
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	756	887	825	852	852	787	829	586	573	510
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	138	142	136	142	142	143	152	150	154	156

Number of Schools at June 30, 2012
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
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
2012			194,046	133,234	460,450	271,210	35,470	1,094,410
Total School Facilities	<u>\$ 101,640</u>	<u>\$ 119,142</u>	<u>\$ 1,354,437</u>	<u>\$ 1,130,585</u>	<u>\$ 3,263,130</u>	<u>\$ 2,404,121</u>	<u>\$ 418,227</u>	<u>\$ 8,791,282</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, 2012
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)	11,000,000 per accident	
	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	6,000,000 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

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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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.

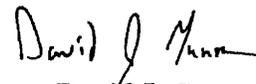
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination 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 previously.

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 Office of School Finance, Department of Education, State of New Jersey.

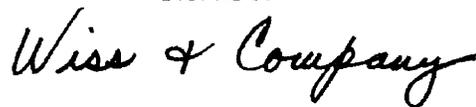
This report is intended solely for the information and use of the District's management and Board, others within the entity, the New Jersey Department of Education, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these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



David J. Gannon

Licensed Public School Accountant

No. 2305



WISS & COMPANY, LLP

November 21, 2012
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, 2012. 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 Office of School 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, 2012.

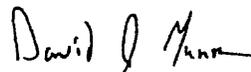
Internal Control Over Compliance

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.

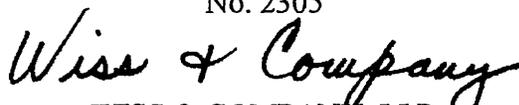
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did 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 21, 2012
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, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2011	Carryover Amount	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	(Accounts Receivable) at June 30, 2012	Deferred Revenue at June 30, 2012	Due to Grantor at June 30, 2012
General Fund												
U.S. Department of Health and Human Services - Passed Through State Department of Education												
Medical Assistance Program	93.778	7/1/11-6/30/12	\$ 41,264				\$ 26,735	\$ (41,264)		\$ (14,529)		
Medical Assistance Program	93.778	7/1/10-6/30/11	58,903	(11,835)			11,835					
U.S. Department of Education - Passed Through State Department of Education												
Education Jobs	84.410A	7/1/10-9/30/12	463,306				381,091	(463,306)		(82,215)		
Total General Fund				<u>(11,835)</u>			<u>419,661</u>	<u>(504,570)</u>		<u>(96,744)</u>		
U.S. Department of Education Passed-Through State Department of Education:												
Title I	84.010A	9/1/11-8/31/12	374,116				283,033	(352,354)		(69,321)		
Title I Summer	84.010A	9/1/10-8/31/11	368,233	(116,730)			130,020	(13,290)				
ARRA Title I	84.389	7/1/09-8/31/11	158,706	(11,532)			16,760	(5,228)				
Title I SIA Summer	84.377	9/1/10-8/31/11		(256)			2,818	(2,562)				
Title I SIA Summer	84.377	9/1/09-8/31/10	19,762	(20,194)			20,194					
ARRA Title I SIA	84.388	7/1/09-8/31/11	11,943	(4,133)			4,133					
Title II - A	84.367	9/1/11-8/31/12	57,190				57,190	(43,092)			\$ 14,098	
Title II - A	84.367	9/1/09-8/31/10	59,676	(19,957)			19,957					
Title II - D Summer	84.318	9/1/10-8/31/11	804				4,705	(4,705)				
I.D.E.A. Part B	84.027	9/1/11-8/31/12	552,771				410,219	(550,893)		(140,674)		
I.D.E.A. Part B Summer	84.027	9/1/10-8/31/11	556,783	(184,053)			184,053					
ARRA I.D.E.A Part B	84.391	7/1/09-8/31/11	482,239	(85,716)			85,716					
Carl Perkins - Entitlement	84.048	7/1/11-6/30/12	477,303				373,776	(477,303)		(103,527)		
Carl Perkins - Entitlement	84.048	7/1/10-6/30/11	487,378	(294,562)			294,562					
Carl Perkins - Post Secondary	84.048	7/1/11-6/30/12	93,980				93,980	(93,980)				
Carl Perkins - Post Secondary	84.048	7/1/10-6/30/11	93,980	(43,142)			43,142					
Math-In CTE Program	84.305A	7/1/11-6/30/12	242,500				119,169	(220,955)		(101,786)		
Math-In CTE Program	84.305A	7/1/10-6/30/11	150,000	(53,747)			53,747					
Total Special Revenue				<u>(834,022)</u>			<u>2,197,174</u>	<u>(1,764,362)</u>		<u>(415,308)</u>	<u>14,098</u>	
U.S. Department of Agriculture Passed - Through State Department of Education:												
Food Donation Program (NC)	10.555	7/1/11-6/30/12	9,279				9,279	(9,242)			37	
Food Donation Program (NC)	10.555	7/1/10-6/30/12	24,949	847				(847)				
National School Lunch Program	10.555	7/1/11-6/30/12	258,646				241,552	(258,646)		(17,094)		
National School Lunch Program	10.555	7/1/10-6/30/11	231,034	(50,028)			50,028					
School Breakfast Program	10.553	7/1/11-6/30/12	96,559				76,667	(96,559)		(19,892)		
School Breakfast Program	10.553	7/1/10-6/30/11	85,602	(20,131)			20,131					
Total Enterprise Fund				<u>(69,312)</u>			<u>397,657</u>	<u>(365,294)</u>		<u>(36,986)</u>	<u>37</u>	
Total Federal Awards				<u>\$ (915,169)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,014,492</u>	<u>\$ (2,634,226)</u>	<u>\$ -</u>	<u>\$ (549,038)</u>	<u>\$ 14,135</u>	<u>\$ -</u>

NC - represents noncash expenditures

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, 2012

State Grantor Program Title	Grant or State Project Number	Grant Period	Balance at June 30, 2011					Adjustment/ Repayment of Prior Year's Balances	Balance at June 30, 2012			MEMO		
			Award Amount	Deferred Rev/ (Accis. Rec)	Due to Grantor	Carryover Amount	Cash Received		Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
Equalization Aid	11-495-034-5120-078	7/1/11-6/30/12	\$ 11,304,905				\$ 10,180,971	\$ (11,304,905)					\$ (1,123,934)	\$ (11,304,905)
Special Education Categorical Aid	11-495-034-5120-089	7/1/11-6/30/12	1,062,397				956,773	(1,062,397)					(105,624)	(1,062,397)
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	10,511,381	\$ (1,039,936)			1,039,936							
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	1,062,397	(105,107)			105,107							
TPAF Social Security Aid	11-495-034-5095-002	7/1/11-6/30/12	1,294,925				1,294,925	(1,294,925)						(1,294,925)
TPAF Social Security Aid	11-495-034-5095-002	7/1/10-6/30/11	1,337,667	(65,022)			65,022							
TPAF Wage Freeze Grant	11-495-034-5095-002	7/1/10-6/30/11	22,443	(11,221)			11,221							
Total General Fund				<u>(1,221,286)</u>			<u>13,653,955</u>	<u>(13,662,227)</u>					<u>(1,229,558)</u>	<u>(13,662,227)</u>
Vocational Education-Apprentice Coordinator	12-100-034-5062-032	7/1/11-6/30/12	16,160				13,832	(15,365)	\$ (1,533)					(15,365)
Vocational Education-Apprentice Coordinator	11-100-034-5062-032	7/1/10-6/30/11	16,188	(4,149)			4,149							
Coordinated School Health System Program	Not available	9/1/11-6/30/12	28,000				28,000	(27,323)		\$ 677				(27,323)
Total Special Revenue Fund				<u>(4,149)</u>			<u>45,981</u>	<u>(42,688)</u>	<u>(1,533)</u>	<u>677</u>				<u>(42,688)</u>
Add. 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)
Add. 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				<u>(2,334,367)</u>						<u>(2,334,367)</u>				<u>(13,704,398)</u>
National School Lunch Program (State Share)	12-100-010-3350-023	7/1/11-6/30/12	6,036				5,637	(6,036)		(399)				(6,036)
National School Lunch Program (State Share)	11-100-010-3350-023	7/1/10-6/30/11	5,758	(1,479)			1,479							
Total Enterprise Fund				<u>(1,479)</u>			<u>7,116</u>	<u>(6,036)</u>	<u>(399)</u>					<u>(6,036)</u>
Total State Financial Assistance				<u>\$ (3,561,281)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,707,052</u>	<u>\$ (13,710,951)</u>	<u>\$ -</u>	<u>\$ (2,336,299)</u>	<u>\$ 677</u>	<u>\$ -</u>	<u>\$ (1,229,558)</u>	<u>\$ (27,415,349)</u>

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

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

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

Year ended June 30, 2012

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, 2012

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 \$(84,515) 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	\$ 504,570	\$15,343,883	\$15,848,453
Special Revenue Fund	1,764,362	42,688	1,807,050
Food Service Fund	365,294	6,036	371,330
Total financial award revenues	<u>\$2,634,226</u>	<u>\$15,392,607</u>	<u>\$18,026,833</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, 2012.

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, 2012

5. Other (continued)

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2012 amounted to \$1,766,171. 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, 2012

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
84.410	Education Jobs Fund
10.555/10.553	Child Nutrition Cluster

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Part I – Summary of Auditor’s Results

State Awards Section

Dollar threshold used to distinguish between Type A and Type B programs: \$ 411,328

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 NJOMB Circular 04-04? Yes √ No

Identification of major programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Categorical Aid

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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, 2012

**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, 2012

None.