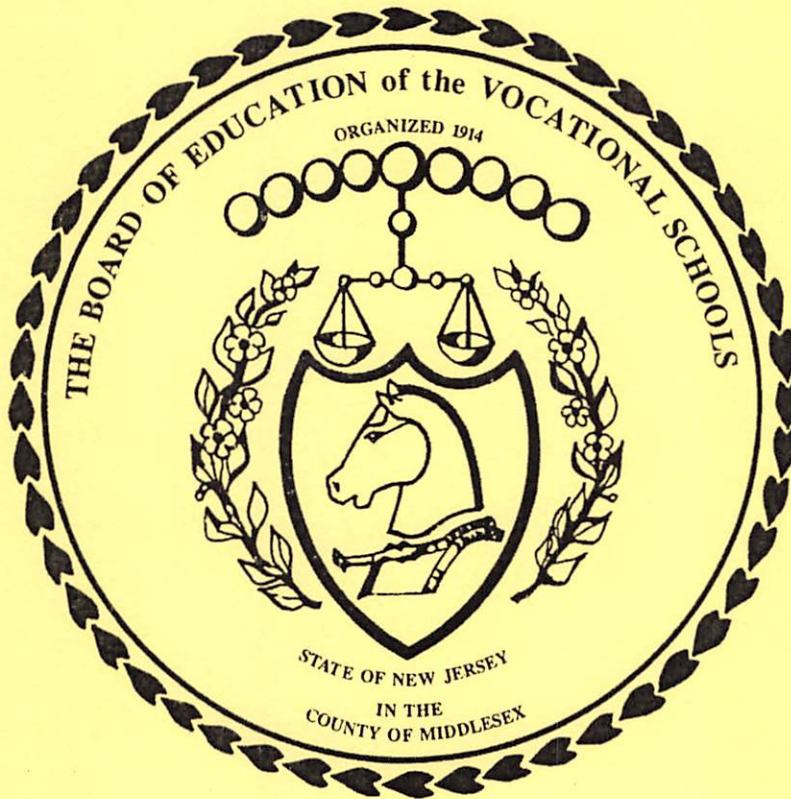


MIDDLESEX COUNTY VOCATIONAL AND TECHNICAL HIGH SCHOOLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2016



**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, 2016

**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

December 2, 2016

Brian J. Loughlin, Superintendent

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, 2016, 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 Federal Uniform Guidance and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on internal control over compliance and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

(1) *Reporting Entity and Its Services.*

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

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 2015-16 fiscal year with an enrollment of 2,362 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 2010 to 2020, Middlesex County is projected to add over 34,750 new jobs. Employment is expected to increase by 8.8%, a rate of growth slightly above the state's projected increase of 8%. The administrative and waste services industry in Middlesex County is projected to add the most jobs (7,750) and grow at a rate of 1.9% per year. Professional, scientific and technical services are projected to rank second for job growth over the period (7,200 jobs). Combined these two industries are anticipated to account for 43% of the county's employment increase. With a decline of 3,450 jobs or 1.1% per year, the manufacturing sector is projected to experience the largest employment decline in Middlesex County over the 10-year period.

Middlesex County's population is expected to increase by 54,040 residents from 2010 to 2020. A total county population of 860,000 is expected by the year 2020. The county is projected to retain its ranking as the second most populous county in the state in 2010.

(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. In addition to updating the District's website, we are preparing to implement google classroom with all of the instructors throughout the District. Google classroom provides a management tool for instructors to access and work more collectively with the students in a digital format. The new platform enables digital learning both inside and outside the classroom. Instructionally we continue to expand the integration of technology into our classrooms and shops. Adding digital proximas and large screen monitors supported with elmos and Ipads have significantly enhanced our instructional efforts in the classroom. At some of our campuses we continue our efforts with a chrome book initiative where all students will be issued a device for their use inside and outside of the classroom. The devices provide textbooks, instructional materials, and organizational software for help within the classroom as well as access to instructional programs and resources outside the classroom to aid with homework and test preparation. Updating desktops and software continues to be a priority in order to keep up with the State's PARCC initiative. Finally, the district has partnered with Sprint Wireless in a program to provide free internet access to needy students outside the school day. Sprint has agreed to provide this service for as many students that we can demonstrate a need as long as the district provides a hot spot device.

As the science curriculum becomes more demanding, the district continues to prioritize the updating of all the science facilities throughout the District. At the end of 2015-16 school year we were finishing the renovation of the entire science lab corridor at the East Brunswick Campus. Over the course of a few summers the old classrooms were transformed into state of the art science labs that will service students in the areas of Biology, Chemistry and Physics. With the infusion of technology these labs have promoted a real 21st century learning environment. In the coming years we will continue to focus on updating labs at the Woodbridge and Piscataway Campuses.

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. Throughout the school year a combination of program research, curriculum development, and capital planning became the foundation for the introduction of the brand new program offering. The Advanced Manufacturing Program officially opened at our East Brunswick Campus at the beginning of the 2015-16 school year. The Advanced Manufacturing initiative was born in response to a need communicated through the Manufacturing Industry for a higher skilled work force. The program will engage the student skills in problem solving, critical thinking, planning and design. 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, Theatre and Cinematography* programs continue to be a success. With the help of very accomplished instructors and new innovative classrooms we have very high hopes for the success at the new program concept.

Our Academy model also continues to thrive within the district. Middlesex County Vocational and Technical Schools has been successfully maintaining two Academies over the past decade. Both the Academy for Science, Mathematics, and Technology and the Academy for Allied Health and Biomedical Sciences have been recognized as National Blue Ribbon Schools and continue to be listed by the US News and World Reports among the best high schools in the Country. This recognition of the academic success of our students along with the hard work of our teachers is a testament to the positive occurrences happening at the Academies on a daily basis. The Academies provide students with a small learning community that will focus on college preparation. Technology labs foster hands-on applied learning, while rigorous and relevant academy courses are integrated into the career majors. Some of the colleges the class of 2016 will be attending are as follows:

• Brown University	• Rutgers University
• Carnegie Mellon University	• Seton Hall University
• Cornell University	• St. John's University
• Drexel University	• Syracuse University
• John Hopkins University	• Temple University
• Lehigh University	• The College of New Jersey
• New Jersey Institute of Technology	• Vanderbilt University
• Penn State University	• Villanova University
• Perdue University	• Yale University

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

The practical measure of success for a vocational school, however, is the appropriate placement of students in jobs. This is a fundamental element of success because it validates the vocational-technical experience. Fortunately, in this most important criterion, MCVTHS *excels*. This year's report included demographic data of 486 students who completed their education in 2015. Our overall percentage for job placement in 2015 was 95%. Job placement in all trades for which the students were trained was 86%. Also noteworthy is the fact that 60% 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 105 firms with 80% 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, 2016.

(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, 2016 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 Federal Uniform Guidance and the State Treasury Circular Letter 15-08 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:

- Members of the HOSA and Interact Clubs at the Academy for Allied Health and Biomedical Sciences collected 1,200 pounds of food for the Thanksgiving season. The food was donated to the St. James Food Pantry in Woodbridge and used to provide families with meals for the holidays as well as keeping the pantry supplied through the winter months.

- Eight students from Middlesex County Vocational and Technical School District were selected as candidates for the United States Presidential Scholars Program.
- Middlesex County Vocational and Technical School District earned a place on the College Board's 6th Annual AP (Advanced Placement) Honor Roll.
- The Academy for Science, Mathematics and Engineering Technologies collected 3,250 pounds of food for the Middlesex County Emergency Food Organization and Outreach Distribution Services' (M.C.F.O.O.D.S) 2016 School Food Drive. The Academy was recognized by the freeholders as one of the top collecting schools in the county.
- Perth Amboy Vocational School was awarded a bronze medal for a second year in a row by the U.S. News and World Report.
- Culinary Arts students from Perth Amboy proudly participated in the City of Perth Amboy's annual Thanksgiving dinner for the senior citizens of the city. Students prepared 23 turkeys for the feast.
- The Academy for Science, Mathematics and Engineering Technologies and the Academy for Allied Health and Biomedical Sciences were both named by the U.S. News and World Report as among the Country's Best High Schools for 2016. Both received Gold Medal Recognition.
- Middlesex County Vocational and Technical School's Practical Nursing Program earned a 100% 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 East Brunswick FFA chapter had won forty-five ribbons including eleven first place winners at the annual State FFA Horticulture Exposition and Floral Design Contest. The Piscataway Career Development FFA chapter had won twenty-one ribbons won including six first place winners at the annual State FFA Horticulture Exposition and Floral Design Contest.
- East Brunswick, East Brunswick School of Career of Development, Perth Amboy, Piscataway, and Piscataway School of Career Development all participated in the 2016 NJ Sills USA Competition. There were a total of sixty one students who competed. The East Brunswick Campus won seven medals, one gold, four silver, and two bronze. The East Brunswick Chapter as a whole was recognized as a gold level chapter of distinction. The Piscataway Campus Chapter received recognition as a Chapter of Distinction.
- For the fifth year in a row East Brunswick's School of Career Development Dry Cleaning class participated in a coat drive. Unwanted coats were donated at different points in the Middlesex County area and brought to the school to be cleaned. Once cleaned they were picked up and distributed to many of those in need of warm coats for the winter. The Dry Cleaning students were ecstatic to help with this endeavor and truly felt a sense of giving to the community.
- Various players for various sports were named as GMC Scholar Athletes and received Sportsmanship Awards. Seven players were named GMC All Gold Division for baseball. Six players were named

GMC All Gold Division for softball. The Piscataway Campus received the Gold Division Team Sportsmanship Award.

- Numerous special project grants, which total over \$2.3 million, comprise another dimension of the awards and recognition received by the District over the 2015-16 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.

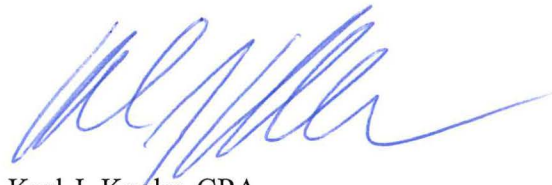
(9) Acknowledgements.

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,

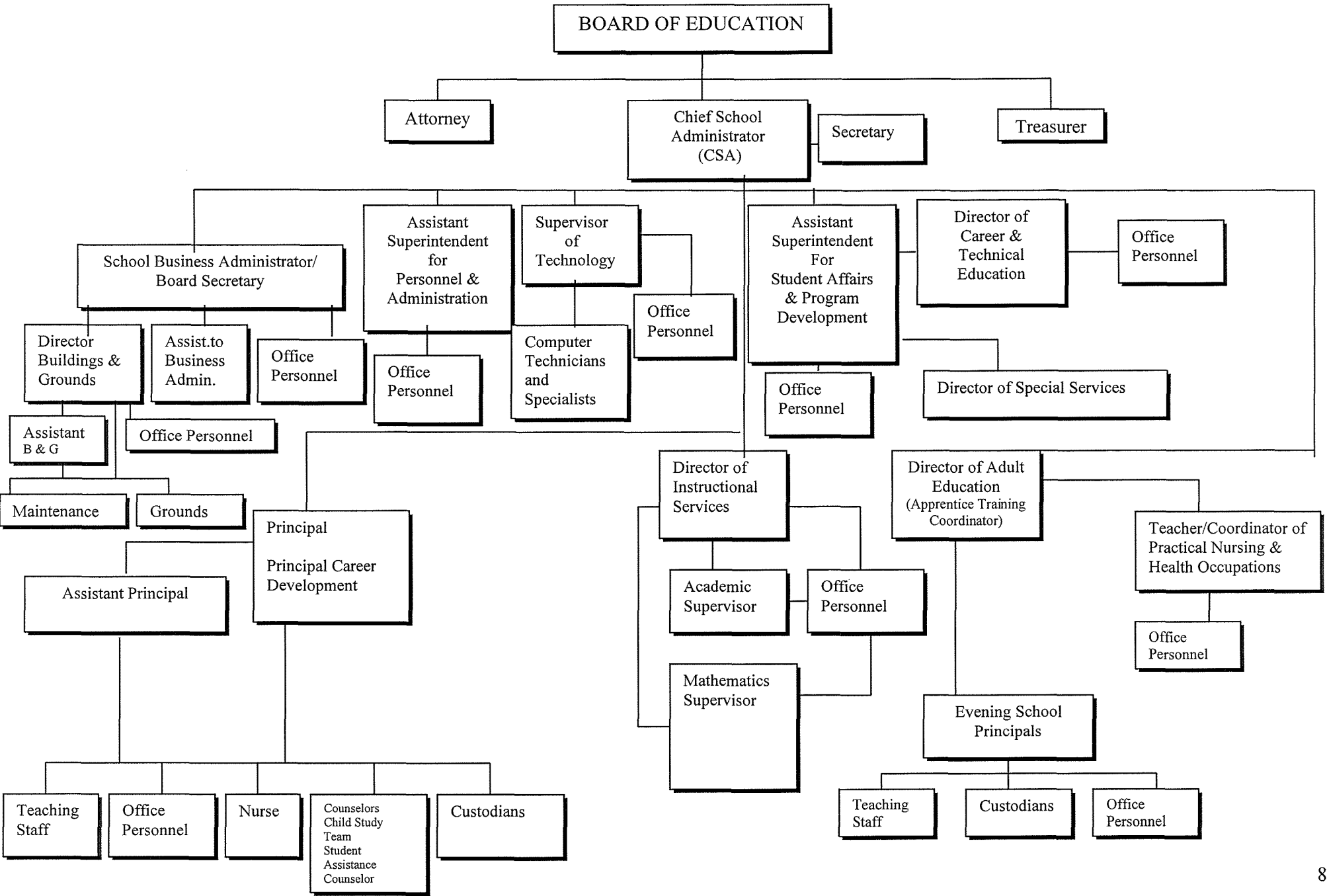


Brian J. Loughlin
Superintendent
Administrator



Karl J. Knehr, CPA
Board Secretary/Business Administrator

Middlesex County Vocational and Technical High Schools
ORGANIZATIONAL CHART
June 30, 2016



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

Roster of Officials

June 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. John F. Bicsko, Jr., President	2018
Mr. Eugene J. Mullen, III, Vice-President	2017
Mrs. Gail E. Engel, Board Member	2016
Mr. Francis R. James, Board Member	2019
Dr. Laura Morana, Acting County Superintendent of Schools	N/A

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
354 Eisenhower Parkway
Livingston, New Jersey 07039

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

Report on the Financial Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF and budgetary comparison information as presented 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.

Other Information

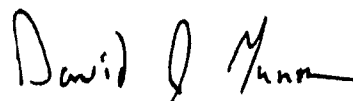
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not a required part of the basic financial statements.

The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



David J. Gannon
Licensed Public School Accountant
No. 2305



WISS & COMPANY, LLP

December 2, 2016
Livingston, 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, 2016

The following represents the Middlesex County Vocational and Technical High Schools' (the "District") discussion and analysis for fiscal year ended June 30, 2016. 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. 27-28) represent a look at government financial reporting. The intention of these statements is to provide financial information on the District as a whole rather than on an individual fund basis. This is achieved by consolidating governmental and business type activities on the same statements using the same measurement focus and basis of accounting.

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

$$\boxed{\text{Assets}} + \boxed{\text{Deferred Outflow}} - \boxed{\text{Liabilities}} - \boxed{\text{Deferred Inflow}} = \boxed{\text{Net Position}}$$

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

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

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

The statement format presents expenses first, detailed by functional area, then offset by direct program revenue. The idea reinforces the concept that government exists to provide services rather than earn money. This statement also uses the full accrual basis of accounting, separates government and business type activities, and consolidates at the bottom to show the district as a whole. Government activities represent the basic services of education: instruction, guidance, administration, and plant services. Business-type activities reflect the activities of the District's food services which operates similar to a business. The very bottom of the statement includes general revenues and records the changes in net 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. 29-36) 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. 29-31) are presented on a modified accrual basis of accounting. The statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. They provide detailed activities for the general, special revenue, and capital projects funds.

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

Balance Sheet (pg. 29): 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. 27) 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. 30) is reconciled with change in net assets of governmental activities from the statement of activities (government-wide statements pg. 28) on a separate schedule (pg. 31). 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. 32-34) 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 35-36). 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 37-73 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 74-106 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 position of the government activities as of June 30, 2016 and 2015:

	June 30, 2016 <u>District Totals</u>	June 30, 2015 <u>District Totals</u>
Current and other assets	\$ 10.2	\$ 15.2
Capital assets	77.6	70.1
Total assets	<u>87.8</u>	<u>85.3</u>
Pension Deferrals	<u>3.1</u>	<u>1.1</u>
Current and other liabilities	(18.2)	(15.2)
Long-term liabilities	(12.7)	(12.6)
Total liabilities	<u>(30.9)</u>	<u>(27.8)</u>
Pension Deferrals	<u>0.3</u>	<u>0.8</u>
Net position		
Invested in capital assets	68.8	67.6
Restricted	4.0	3.2
Unrestricted	<u>(13.1)</u>	<u>(13.1)</u>
Total net position	<u>\$ 59.70</u>	<u>\$ 57.70</u>

An examination of Table 1 indicates the results of operations for the 2015-2016 school year resulted in a \$2.0 million increase in total net position primarily through an increase in capital assets and capital reserve. The majority of the cash on hand on June 30, 2015 was related to capital revenue from county bond proceeds and Energy Savings Improvement Program lease purchase proceeds. Throughout the course for the year this balance was expended on the designated projects resulting in a significant decrease in current assets offset by an increase in capital assets. Deposits were also made into the capital reserve account increasing restricted net position. Funds became available for designation through an over estimation of budgeted expenses. While the new pension liability (current and other liabilities) increased significantly, the positive increase in pension deferrals offset any effects on net position.

Table 2 offers a closer look at the \$(13.1) million in unrestricted net position:

Table 2
Unrestricted Net Position
As of
(In Millions)

Unrestricted net assets from:

Encumbrances	\$ 0.6
Designated in subsequent year	1.1
Early retirement pension liability	(0.2)
Unfunded compensated absences	(1.2)
PERS pension liability	(13.6)
Results from operations	0.2
Total	\$(13.1)

Encumbrances: Encumbrances are used to record outstanding purchase commitments for the District on a perpetual basis. As ordered items are received and services are rendered throughout the school year, encumbrances are invoiced and eventually paid. Open encumbrances at year end represent the value of outstanding purchase commitments as of June 30, 2016. These mounts 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 2016-2017 budget. The annual school budget is prepared and adopted prior to the start of the new fiscal year (July 1, 2016).

Early Retirement 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.

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

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

The question now becomes what impact does this have on the District's finances and its ability to operate? In two words or less: very little. In its simplest terms, the deficit represents the funds required to satisfy these long term liabilities should the District cease its operations tomorrow. Although a number of net 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 position.

Another question that can be raised in this: why not accumulate enough unrestricted net position through operations to offset these debts completely and have some left over for emergencies? The answer lies in fiscal philosophy and policies of Middlesex County 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 Position) provides a comparison in the change in net assets between the two fiscal years.

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Revenues:		
Program Revenues		
Federal and state grants	\$ 2.1	\$ 2.1
Capital Grants	0.7	0.1
General Revenues		
Property taxes	25.0	24.4
Federal and state aid, not restricted	23.5	21.1
County Capital Contribution	3.1	3.1
Other General Revenues	1.4	1.3
	<hr/>	<hr/>
Total revenues	55.8	52.1
	<hr/>	<hr/>
Functions/Program Expenses:		
Instruction		
Regular	10.3	9.9
Other special instruction	0.2	0.2
Vocational	13.1	12.6
Other instruction	1.0	0.9
Support Services		
Student and instruction related		
Services	6.6	6.5
General administrative service	1.7	1.6
School administrative services	4.5	4.4
Plant operations and maintenance	9.0	8.8
Pupil transportation	0.2	0.2
Business and other support services	2.5	2.1
Special Schools	2.2	2.2
Interest Expense	0.3	0.1
Unallocated depreciation	2.2	2.1
	<hr/>	<hr/>
Total expenses	53.8	51.6
	<hr/>	<hr/>
Increase in net assets	\$2.0	\$0.5
	<hr/>	<hr/>

During the 2015-16 fiscal year net position increased \$2 million which was a \$1.5 million increase over the prior year's result. Both revenue and expense increased over the prior year. The majority of the fluctuations in revenue and expenses can be attributed to pension payments made by the state on our behalf for the Teachers' Pension and Annuity Fund. The District records these payments in both state aid and pension expense. This amount significantly increased over the prior year along with a slight increase in tax revenue

and capital grants from the state. Revenues outpaced expenses as the district experienced unanticipated savings in the areas of utilities and health benefits.

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

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

	June 30, 2016	June 30, 2015
Program Revenues		
Charges for services	\$251.3	\$239.1
Federal and state reimbursement program	451.8	453.6
Total revenue	703.1	692.7
Functions/Programs		
Food Services	651.6	642.3
Total expenses	651.6	642.3
Increase in net position	\$51.5	\$ 50.4

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 2016 fiscal year, operating revenues increased due to an increase in volume. Operating expenses increased slightly from 2015 as Aramark employee salaries and benefits increased in 2016. The district did not need to contribute to the food service. The district’s contribution for food service operations was \$0 (Table 4) for the 2016 and 2015 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 even with statutory employee contributions. 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, 2016 and increases as compared to the prior year

Revenue	Amount	Percent of Total	Increase	Percent of Increase
Local Sources	\$ 29,515,087	58.46%	\$ 721,065	2.50%
State Sources	18,653,456	36.95	1,473,859	8.58
Federal Sources	<u>2,315,468</u>	<u>4.59</u>	<u>172,314</u>	<u>8.04</u>
Total:	<u>\$ 50,484,011</u>	<u>100.00%</u>	<u>\$ 2,367,238</u>	<u>4.92%</u>

The increase in Local Sources is reflective of an increase in the tax levy received from the County.

Revenue from State Sources increased with some additional state aid received from the Department of Education including Adult Education Aid which we didn't receive in 2015. The District also received additional capital grant funding.

Federal Aid increased with additional funds received in the IDEA Part B, NCLB, and Carl D. Perkins Programs.

(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, 2016, and the percentages of total increases and decreases as compared to the prior year.

Expenditures	Amount	Percent of Total	(Decrease) Increase	Percent of (Decrease) Increase
Current Expense:				
Instruction	\$ 14,965,613	26.93%	\$ (123,046)	(0.82)%
Undistributed Expenditures	28,722,430	51.70	681,548	2.43
Capital Outlay	10,562,048	19.01	3,883,538	58.15
Special Schools	<u>1,308,141</u>	<u>2.36</u>	<u>(56,511)</u>	<u>(4.14)</u>
Total:	<u>\$ 55,558,232</u>	<u>100.00%</u>	<u>\$ 4,385,529</u>	<u>8.57%</u>

The decrease in instructional expenses is related to a decrease in the purchase of classroom technology that was priority in the prior year.

Support expenses increased from the prior year as fringe benefit cost including health benefits, pension, and social security continue to expand.

Capital outlay expense increased with the ongoing implementation of the Energy Saving Improvement Plan in our East Brunswick and Piscataway campuses. The Plan includes upgrading control systems, lighting, and the general building envelope in an effort to become more energy efficient.

Special Schools expense decreased slightly from the prior year.

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 close to the amount budgeted.
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 decreased over the prior year due to a decrease in LPN and Cosmetology enrollment.
4. Miscellaneous revenue collections were received over budget. The sale of obsolete equipment and evening school registration fees were both higher than expected.
5. Additional State Aid for Adult Education was awarded and received after the budget was approved.

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. Amounts budgeted for regular and vocational instruction were in excess of the resources needed mainly due to some retirements, less funds needed for extra duty, and funds for supplies not needed which allowed for transfers to other accounts.
3. Administrative clerical staff positions were eliminated after unanticipated retirements in an effort to remain efficient.

4. Facility maintenance, grounds and security needed additional resources to properly maintain the district's buildings, infrastructure, and athletic fields.
5. Amounts budgeted for electric and gas exceeded requirements due to the implementation of an energy savings improvement plan which allowed transfers to other accounts.
6. Additional resources were needed for student transportation to offset cost and volume with regards to field trips.
7. Amounts budgeted for fringe benefits were less than anticipated for health benefits, workers compensation and unemployment compensation which allowed transfers to other accounts.
8. Amounts budgeted for special schools evening school instruction was in excess of the resources needed mainly due to a decrease in demand of some programs which allowed for transfers to other accounts.

Final Budget vs. Actual

1. The majority of variances between final budget and actual can be explained by encumbrances. These reserves recognize goods and services ordered as of year end but not received. While this amount is shown as reserved in the statement of net asset, the encumbrances are not reflected on schedule C-1 (pgs. 78-83), 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. Implementation of an energy saving improvement plan resulted in a surplus of funds in the energy accounts.
4. Environmental professional services with regard to our Perth Amboy Campus were lower than expected.
5. Transportation service came in lower than anticipated due to the late cancellation of athletic and field trips.
6. Tuition reimbursement came in higher than expected due to more classes taken.
7. Unused sick payments came in higher than anticipated due to more retirements and sick day payouts 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, 2016, capital assets for the district totaled \$77.6 million, net of accumulated depreciation. Capital assets include land, buildings, equipment, and construction in progress as detailed in Table 5.

Table 5
Capital Assets
June 30, 2016
(In Millions)

	<u>Governmental Activities</u>
Land and site improvements	\$ 10.9
Building and building improvements	53.4
Furniture and equipment	3.7
Construction-in-progress	<u>9.6</u>
	<u><u>\$ 77.6</u></u>

The net investment in capital assets increased 1.2% from the prior year. That increase included depreciation expense of \$2.92 million offset by additions recorded in the amount of \$10.46 million and net of related debt of \$9.22 million. The following is the detail of those additions:

	<u>Additions (in millions)</u>
East Brunswick Parking Lot	\$.87
East Brunswick Generator Replacement	.35
East Brunswick Science Lab	.76
East Brunswick Mechatronics Lab	.51
East Brunswick Roof Replacement	2.18
Pert Amboy Lintel Restoration	.12
Construction in Progress	5.25
Equipment	<u>.42</u>
	<u><u>\$10.46</u></u>

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

LONG-TERM DEBT

As noted previously, the District is a Type I district and as such raises all its funding for capital expenditures through Middlesex County. The debt on the District's books as of June 30, 2016 relates to the State of New Jersey's Public Employment Retirement System. The majority of the debt represents the District's share of its net pension liability. A small portion comes from funds borrowed for an early incentive retirement program. Both payments are made annually for each item.

The district has a lease purchase payable for funds borrowed from TD Equipment Finance which commenced on April 23, 2015 to fund for the District's energy savings improvement plan. Payments for interest and principle will be made over 240 months commencing July 15, 2015 and payable January and July 15th of each year. For the year 2016 only one payment will be made on July 15th of that year.

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. While the district did receive an increase in the 2015-16 for our adult students, the funding was not renewed for the 2016-17 school year. 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. 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.

Lastly the state's new PARCC student assessment is in full effect. Unlike the HSPA assessment, PARCC testing will be all completed through technology rather than the traditional paper score sheets. Sensing the gravity of the task and the resources required, the state has distributed minimum requirements in technology infrastructure and hardware requirement to support this initiative at the local level. Over the 2014-15 and 2015-16 school years, the district has already directed resources to upgrade our local network and update the district's computer hardware. Continued support for this monumental task will be needed over the next few years.

FINANCIAL MANAGEMENT CONTACT

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2016.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Position
June 30, 2016**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,999,676		\$ 2,999,676
Internal balances	(171,135)	\$ 171,135	-
Accounts receivable	6,778,920	34,849	6,813,769
Inventory		10,727	10,727
Restricted assets:			
Capital reserve account - cash	575,100		575,100
Capital assets, non-depreciable	16,874,368		16,874,368
Capital assets, depreciable, net	60,710,147	22,065	60,732,212
Total assets	<u>87,767,076</u>	<u>238,776</u>	<u>88,005,852</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension deferrals	<u>3,107,165</u>		<u>3,107,165</u>
LIABILITIES			
Accounts payable	1,266,139	68,494	1,334,633
Accrued interest payable	274,613		274,613
Payable to federal government	2,141		2,141
Payable to other governments	93,900		93,900
Insurance claims payable	155,719		155,719
Other payables	9,762	406	10,168
Unearned revenue	21,592	1,778	23,370
Net pension liability	16,434,683		16,434,683
Noncurrent liabilities:			
Due within one year	374,409		374,409
Due beyond one year	12,286,808		12,286,808
Total liabilities	<u>30,919,766</u>	<u>70,678</u>	<u>30,990,444</u>
DEFERRED INFLOW OF RESOURCES			
Pension deferrals	<u>264,238</u>		<u>264,238</u>
NET POSITION			
Net investment in capital assets	68,853,997	22,065	68,876,062
Restricted for:			
Capital projects	3,179,314		3,179,314
Other purposes	781,719		781,719
Unrestricted (deficit)	(13,124,793)	146,033	(12,978,760)
Total net position	<u>\$ 59,690,237</u>	<u>\$ 168,098</u>	<u>\$ 59,858,335</u>

See accompanying notes to the basic financial statements.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 10,307,538		\$ 621,232		\$ (9,686,306)		\$ (9,686,306)
Other special instruction	205,640				(205,640)		(205,640)
Vocational	13,082,690		867,036		(12,215,654)		(12,215,654)
Other instruction	974,667				(974,667)		(974,667)
Support services:							
Support services	6,636,688		596,620		(6,040,068)		(6,040,068)
General administrative services	1,655,094				(1,655,094)		(1,655,094)
School administrative services	4,507,749				(4,507,749)		(4,507,749)
Plant operations and maintenance	9,006,236			\$ 729,817	(8,276,419)		(8,276,419)
Pupil transportation	182,001				(182,001)		(182,001)
Business and other support services	2,486,937				(2,486,937)		(2,486,937)
Special schools	2,254,297				(2,254,297)		(2,254,297)
Interest expense	286,471				(286,471)		(286,471)
Unallocated depreciation	2,215,122				(2,215,122)		(2,215,122)
Total governmental activities	53,801,130		2,084,888	729,817	(50,986,425)		(50,986,425)
Business-type activities:							
Food Service	651,573	\$ 251,358	451,785			\$ 51,570	51,570
Total business-type activities	651,573	251,358	451,785			51,570	51,570
Total primary government	\$ 54,452,703	\$ 251,358	\$ 2,536,673	\$ 729,817	(50,986,425)	51,570	(50,934,855)
General revenues:							
Property taxes, levied for general purposes					24,990,260		24,990,260
Federal and State aid not restricted					23,466,398		23,466,398
County capital contribution					3,100,000		3,100,000
Tuition					714,812		714,812
Interest Earned					461		461
Miscellaneous income					709,554		709,554
Total general revenues					52,981,485		52,981,485
Change in net position					1,995,060	51,570	2,046,630
Net Position—beginning of year					57,695,177	116,528	57,811,705
Net Position—end of year					59,690,237	\$ 168,098	\$ 59,858,335

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Governmental Funds
Balance Sheet
June 30, 2016

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 430,194		\$ 2,569,482	\$ 2,999,676
Accounts receivable:				
Interfunds receivable:	856,600			856,600
Federal	2,895	\$ 699,134		702,029
State	60,865	8,553	921,177	990,595
Other governments	2,080,591	66,202	2,800,000	4,946,793
Other	130,841			130,841
Other asset	8,640		22	8,662
Restricted assets:				
Cash and cash equivalents	575,100			575,100
Total assets	<u>\$ 4,145,726</u>	<u>\$ 773,889</u>	<u>\$ 6,290,681</u>	<u>\$ 11,210,296</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 355,058	\$ 252,261	\$ 4,982	\$ 612,301
Intergovernmental payables:				
Federal		2,141		2,141
Other governments		199	93,701	93,900
Interfunds payable	67,715	517,712	443,202	1,028,629
Insurance claims payable	155,719			155,719
Other payables	8,868			8,868
Unearned revenue	20,016	1,576		21,592
Total liabilities	<u>607,376</u>	<u>773,889</u>	<u>541,885</u>	<u>1,923,150</u>
Fund balances:				
Restricted for:				
Capital reserve account	575,100			575,100
Capital projects			5,748,796	5,748,796
Excess Surplus - current year	117,270			117,270
Excess Surplus - prior year	89,349			89,349
Assigned to:				
Designated for subsequent years expenditures	1,110,651			1,110,651
SEMI Designated for subsequent years expenditures	20,338			20,338
Other Purposes	642,961			642,961
Unassigned	982,681			982,681
Total fund balances	<u>3,538,350</u>		<u>5,748,796</u>	<u>9,287,146</u>
Total liabilities and fund balances	<u>\$ 4,145,726</u>	<u>\$ 773,889</u>	<u>\$ 6,290,681</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 131,926,106 and the accumulated depreciation is \$54,341,591 (see Note 4).	77,584,515
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds	(274,613)
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).	(12,661,217)
Deferred pension costs in governmental activities are not resources and are therefore not reported in the funds.	2,842,927
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(16,434,683)
Accrued pension contributions for the June 30, 2016 plan year end are paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide Statement of Net Position.	(653,838)
Net position of governmental activities	<u>\$ 59,690,237</u>

See accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016**

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
REVENUES				
Local sources:				
Local tax levy	\$ 24,990,260			\$ 24,990,260
County capital contribution			\$ 3,100,000	3,100,000
Tuition charges	714,812			714,812
Interest earned			461	461
Miscellaneous	528,451	\$ 181,103		709,554
Total local sources	26,233,523	181,103	3,100,461	29,515,087
State sources	17,762,498	161,141	729,817	18,653,456
Federal sources	52,012	2,263,456		2,315,468
Total revenues	44,048,033	2,605,700	3,830,278	50,484,011
EXPENDITURES				
Current:				
Regular instruction	5,610,725	529,461		6,140,186
Other special instruction	117,509			117,509
Vocational education	7,312,598	771,935		8,084,533
Other instruction	623,385			623,385
Support services and undistributed costs:				
Support Services	3,519,909	544,475		4,064,384
General administrative services	1,205,343			1,205,343
School administrative services	2,594,880			2,594,880
Plant operations and maintenance	6,780,044			6,780,044
Pupil transportation	182,001			182,001
Business and other support services	1,528,945			1,528,945
Unallocated benefits	12,127,816	239,017		12,366,833
Capital outlay	98,382	520,812	9,942,854	10,562,048
Special schools	1,308,141			1,308,141
Total expenditures	43,009,678	2,605,700	9,942,854	55,558,232
Net change in fund balances	1,038,355	-	(6,112,576)	(5,074,221)
Fund balance, July 1	2,499,995	-	11,861,372	14,361,367
Fund balance, June 30	<u>\$ 3,538,350</u>	<u>\$ -</u>	<u>\$ 5,748,796</u>	<u>\$ 9,287,146</u>

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

See accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2016**

Total net change in fund balances - governmental funds (from B-2) **\$ (5,074,221)**

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

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

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

Capital additions	\$ 10,463,667	
Disposition of capital assets	(6,133)	
Depreciation expense	<u>(2,917,054)</u>	7,540,480

In the statement of net position, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount reflects the change from prior year. (220,857)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 165,000

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 (+). 96,255

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

Pension expense	<u>(511,597)</u>
-----------------	------------------

Change in net position of governmental activities (A-2) **\$ 1,995,060**

See accompanying notes to the basic financial statements.

Enterprise Fund

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Position
Enterprise Fund
June 30, 2016**

	Major Fund Food Service
ASSETS	
Current assets:	
Accounts receivable:	
State	\$ 556
Federal	34,293
Interfund	171,135
Inventory	10,727
Total current assets	216,711
Noncurrent assets:	
Capital assets being depreciated:	
Furniture, machinery & equipment	55,159
Less accumulated depreciation	(33,094)
Total capital assets, net	22,065
Total assets	238,776
LIABILITIES	
Current liabilities:	
Accounts payable	68,494
Unearned revenue	1,778
Other payables	406
Total current liabilities	70,678
NET POSITION	
Net investment in capital assets	22,065
Unrestricted	146,033
Total net position	\$ 168,098

See accompanying notes to the basic financial statements.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Fund
Year Ended June 30, 2016

	Major Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 123,611
Daily sales - non-reimbursable programs	106,610
Special functions	21,137
Total operating revenues	251,358
Operating expenses:	
Salaries	359,514
Cost of sales-reimbursable programs	117,299
Cost of sales - non-reimbursable programs	28,188
Food donation program	27,045
Other purchased services	69,001
General supplies	46,775
Depreciation	3,544
Other expenses	207
Total operating expenses	651,573
Operating (loss)	(400,215)
Nonoperating revenues:	
State sources:	
State school lunch program	7,040
Federal sources:	
National school lunch program	309,251
PB lunch - HHFKA	8,356
National school breakfast program	100,093
Food donation program	27,045
Total nonoperating revenues	451,785
Change in net position	51,570
Total net position—beginning of year	116,528
Total net position—end of year	\$ 168,098

See accompanying notes to the basic financial statements.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Cash Flows
Enterprise Fund
Year Ended June 30, 2016**

	Major Fund
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 252,396
Payments to employees	(359,514)
Payments to suppliers	(277,471)
Net cash used in operating activities	(384,589)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from state reimbursements	7,245
Cash received from federal reimbursements	445,165
Cash disbursed to other funds	(67,821)
Net cash provided by noncapital financing activities	384,589
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	\$ (400,215)
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Depreciation	3,544
Increase in inventories	(1,497)
Increase in unearned revenue	1,038
Increase in other liabilities	132
Increase in accounts payable	12,409
Total adjustments	15,626
Net cash (used in) operating activities	\$ (384,589)

The District received \$27,045 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2016.

See accompanying notes to the basic financial statements.

Fiduciary Funds

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private-Purpose Scholarship Fund	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 6,640	\$ 519,584
Interfund receivable		894
Total assets	6,640	\$ 520,478
LIABILITIES		
Payable to student groups		\$ 116,384
Payroll deductions and withholdings payable		404,094
Total liabilities		\$ 520,478
NET POSITION		
Held in trust for scholarships	\$ 6,640	

See accompanying notes to the basic financial statements.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2016

	Private-Purpose Scholarship Fund
ADDITIONS	
Investment earnings:	
Interest	\$ 1
Total additions	1
DEDUCTIONS	
Bank service charges	202
Total deductions	202
Change in net position	(201)
Net position—beginning of the year	6,841
Net position—end of the year	\$ 6,640

See accompanying notes to the basic financial statements.

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

Notes to the Basic Financial Statements

Year ended June 30, 2016

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

- the organization is legally separate (can sue or be sued 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 position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires that all 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 county 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, capital leases 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, 2016

1. Summary of Significant Accounting Policies (continued)

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

Property taxes, county contributions, 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 the 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) of providing goods or services to the students or other entities on a continuing basis are financed or recovered primarily through user charges.

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.

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, 2016

1. Summary of Significant Accounting Policies (continued)

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

Trust Fund: The private purpose scholarship trust fund is utilized to provide scholarships to students and to account for the related transactions.

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

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

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

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

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

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, 2016

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control

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

Budget amendments during the year ended June 30, 2016 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.

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, 2016

1. Summary of Significant Accounting Policies (continued)

F. Interfund Receivables/Payables

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

G. Inventories

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

H. Capital Assets

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

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

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

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, 2016

1. Summary of Significant Accounting Policies (continued)

I. 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 \$1,186,217 at June 30, 2016. Upon resignation or retirement, the liability for these amounts is reported in the governmental funds.

J. Unearned Revenue

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned and outstanding encumbrances. Unearned revenue in the General Fund represents tuition for Fall 2016 programs received on or before June 30, 2016.

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position. Contractually required pension contributions, capital leases 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.

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, 2016

1. Summary of Significant Accounting Policies (continued)

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 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.
- 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.

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, 2016

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances (continued)

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

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

Of the \$3,538,350 of fund balances in the General Fund, \$642,961 of encumbrances is assigned to other purposes, \$575,100 has been restricted for the capital reserve, \$117,270 has been restricted for excess surplus – current year, \$89,349 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$1,110,651 has been classified as assigned fund balance designated for subsequent years expenditures, \$20,338 is assigned as SEMI designated for subsequent year's expenditures and \$982,681 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 excess surplus for June 30, 2016 was \$206,619. Of this amount, \$89,349 has been appropriated in the 2016-2017 budget and the remaining \$117,270 will be required to be appropriated in the 2017-2018 budget.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

N. Net Position

Net position represents the difference between assets, deferred inflows of resources, deferred outflows of resources and liabilities in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

O. Management Estimates

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

P. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$5,312,179 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

1. Summary of Significant Accounting Policies (continued)

Q. GASB Pronouncements

Recently Issued Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB No. 75”). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the District in the 2018 fiscal year. Management has not yet determined the impact of this Statement on the financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures* (“GASB No. 77”). This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the District in the 2017 fiscal year. Management has not yet determined the impact of this Statement on financial statement note disclosures.

R. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 and November __, 2016, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

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, 2016

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 position

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

Unfunded Pension - County	\$ 175,000
Compensated absences	1,186,217
Lease purchase obligations	<u>11,300,000</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 12,661,217</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, 2016

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 and New Jersey Asset and Rebate Management Fund.

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

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

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

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

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by commercial banking institutions. At June 30, 2016, the District's carrying amount of deposits was \$4,101,000 and the bank balance was \$5,039,616. Of the bank balance, \$500,000 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$4,094,788. \$444,828 held in the District agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments).

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, 2016

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, 2016:

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2016:

	Beginning Balance	Increases	Transfers/ Disposals	Ending Balance
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 7,307,200			\$ 7,307,200
Construction in progress	4,313,507	\$ 6,668,078	\$ (1,414,417)	9,567,168
Total capital assets, not being depreciated	11,620,707	6,668,078	(1,414,417)	16,874,368
<i>Capital assets, being depreciated:</i>				
Site improvements	6,317,332			6,317,332
Buildings & building improvements	85,727,473	3,376,928	1,414,417	90,518,818
Machinery and equipment	17,822,632	418,661	(25,705)	18,215,588
Total capital assets, being depreciated	109,867,437	3,795,589	1,388,712	115,051,738
<i>Less accumulated depreciation for:</i>				
Site improvements	(3,475,845)			(3,475,845)
Buildings & building improvements	(34,107,682)	(2,215,521)		(36,323,203)
Machinery and equipment	(13,860,582)	(701,533)	19,572	(14,542,543)
Total accumulated depreciation	(51,444,109)	(2,917,054)	19,572	(54,341,591)
Total capital assets, being depreciated, net	58,423,328	878,535	1,408,284	60,710,147
Governmental activities capital assets, net	\$ 70,044,035	\$ 7,546,613	\$ (6,133)	\$ 77,584,515

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

Regular instruction	\$ 57,492
Vocational instruction	401,206
Support services	13,610
School administrative services	117,558
General administrative services	9,577
Plant operations and maintenance	102,489
Unallocated depreciation	2,215,122
	<u>\$ 2,917,054</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, 2016

4. Capital Assets (continued)

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2016:

<i>Capital assets being depreciated:</i>	Beginning Balance	Increases	Ending Balance
Equipment	\$ 55,159		\$ 55,159
Less accumulated depreciation	(29,550)	\$ (3,544)	(33,094)
Total business-type activities capital assets, net	<u>\$ 25,609</u>	<u>\$ (3,544)</u>	<u>\$ 22,065</u>

5. Long-Term Liabilities

During the year ended June 30, 2016, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences payable	\$ 1,282,472	\$ 249,291	\$ (345,546)	\$ 1,186,217	\$ 69,407
Unfunded pension liability-county	340,000		(165,000)	175,000	175,000
Lease purchase obligations	11,300,000			11,300,000	130,002
Subtotal	12,922,472	249,291	(510,546)	12,661,217	374,409
Net pension liability	13,368,298	3,066,385		16,434,683	
Total governmental activity long-term liabilities	<u>\$26,290,770</u>	<u>\$ 3,315,676</u>	<u>\$ (510,546)</u>	<u>\$29,095,900</u>	<u>\$ 374,409</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, 2016

5. Long-Term Liabilities (continued)

The District expects to liquidate the compensated absences, lease purchase obligation, net pension liability 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
2017	\$ 179,515
Total minimum pension payments	179,515
Less: amount representing interest	4,515
Present value of net minimum pension payments	\$ 175,000

Bonds Payable and Bonds Authorized but Not Issued

As of June 30, 2016, 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 within the statutory period of usefulness. Bonds issued by the County of Middlesex are general obligation bonds of the County of Middlesex and therefore are not recorded as debt of the District. As of June 30, 2016, debt outstanding and recorded in the financial statements of the County of Middlesex related to the District amounted to \$21,295,000.

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, 2016

5. Long-Term Liabilities (continued)

Lease Purchase Obligations Payable

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

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

Future Minimum Lease Payments - Future minimum lease payments under the lease purchase agreement along with the present value of the minimum lease payments as of June 30, 2016 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 557,537
2018	909,370
2019	868,831
2020	661,420
2021	658,899
2022 through 2026	3,474,978
2027 through 2031	3,925,701
2032 through 2035	<u>3,564,095</u>
Total Minimum Lease Payments	\$ 14,620,831
Less: Amount representing interest	<u>(3,320,831)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 11,300,000</u></u>

All lease purchase obligations are presented on Schedule I-2 of this report.

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, 2016

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. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011.

Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, 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. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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, 2016

6. Pension Plans (continued)

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 system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively 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. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in annually through July 2018 that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS.

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, 2016

6. Pension Plans (continued)

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, 2016, the State of New Jersey contributed \$3,017,943 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 \$1,273,751 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide fund financial statements.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2016, 2015, and 2014 were \$629,429, \$586,623, and \$537,500, respectively, equal to the required contributions for each year.

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

Public Employee's Retirement System (PERS)

At June 30, 2016, the District reported a liability of \$16,434,683 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2014, which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.0732122503 percent, which was an increase of 0.0018108313 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized full accrual pension expense of \$1,141,026 in the government-wide financial statements. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources.

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, 2016

6. Pension Plans (continued)

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

Public Employee's Retirement System (PERS) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 392,074	
Changes of assumptions	1,764,954	-
Net difference between projected and actual earnings on pension plan investments	-	\$ 264,238
Changes in proportion and differences between District contributions and proportionate share of contributions	296,299	-
District contributions subsequent to the measurement date	653,838	-
	\$ 3,107,165	\$ 264,238

\$653,838 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 408,621
2018	408,621
2019	408,623
2020	607,789
2021	355,435
	\$ 2,189,089

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, 2016

6. Pension Plans (continued)

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

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.04%
Salary increases	
2012-2021	2.15 - 4.40%
	based on age
Thereafter	3.15 - 5.40%
	based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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, 2016

6. Pension Plans (continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
Core Bonds	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</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, 2016

6. Pension Plans (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 20,426,300	\$ 16,434,683	\$ 13,088,140

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, 2016

6. Pension Plans (continued)

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

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances of the Local Group at June 30, 2015 are as follows:

Deferred outflows of resources	\$ 3,578,755,666
Deferred inflows of resources	\$ 993,410,455
Net pension liability	\$ 22,447,996,119
 District's Proportion	 0.0732122503%

Collective pension expense for the Local Group for the measurement period ended June 30, 2015 is \$1,481,308,816. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 5.72 years and 6.44 years for the measurement period ended June 30, 2014.

Teachers Pensions and Annuity Fund (TPAF)

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

6. Pension Plans (continued)

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

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2015 was \$109,562,551. The District's proportionate share was \$0. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2015, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1733467542 percent, which was an increase of 0.0008183723 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$6,689,780 for contributions incurred by the State.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

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, 2016

6. Pension Plans (continued)

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

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
	<u>100.00%</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, 2016

6. Pension Plans (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's proportionate share of the net pension liability associated with the District	\$ 130,210,997	\$ 109,562,551	\$ 91,772,679

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, 2016

6. Pension Plans (continued)

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

Pension plan fiduciary net position

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

Additional Information

Collective balances of the Local Group at June 30, 2015 are as follows:

Deferred outflows of resources	\$ 7,522,890,856
Deferred inflows of resources	\$ 623,365,110
Net pension liability	\$ 63,204,270,305

State's proportionate share associated with the District	0.1733467542%
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Collective pension expense – Local Group for the plan for the measurement period ended June 30, 2015 is \$3,854,529,454.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 8.3 years and 8.5 years for the measurement period ended June 30, 2014.

7. Post-Retirement Benefits

Plan Description

The School District contributes to the New Jersey School Employees Health Benefits Program (the "SEHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SEHBP 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.

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, 2016

7. Post-Retirement Benefits (continued)

Plan Description (continued)

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 SEHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, chapter 384 and P.L. 1990, 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, 2015, there were 107,314 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

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 SEHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2016, 2015 and 2014 were \$1,640,342, \$1,487,768, and \$1,196,704 respectively, which equaled the required contributions for each year. The State's contributions to the SEHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2016

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 Employees' Health Benefits Program as their health insurance provider.

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, 2016.

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, 2016

8. Risk Management (continued)

Worker's Compensation (continued)

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

Changes in the District's insurance claims liability amount in fiscal years 2016, 2015, and 2014 were:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2015-16	\$ 192,244	\$ 4,937	\$ (41,462)	\$ 155,719
2014-15	125,139	242,626	(175,521)	192,244
2013-14	167,535	3,686	(46,082)	125,139

9. Deferred Compensation

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

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, 2016

10. Interfund Receivables and Payables

The total interfund accounts receivables and payables for the District are as follows at June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 856,600	\$ 67,715
Special Revenue Fund		517,712
Capital Projects Fund		443,202
Enterprise Fund – food service	171,135	
Agency Fund	894	
	\$ 1,028,629	\$ 1,028,629

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

All interfunds are expected to be repaid within one year.

11. Economic Dependency

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

12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 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, 2016

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, 2016 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.

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, 2016

13. Capital Reserve Account-(continued)

Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, June 30, 2015	\$	100
Deposits:		
Approved by June 2016 resolution		<u>575,000</u>
Ending balance, June 30, 2016	\$	<u>575,100</u>

At June 30, 2016, the amount deposited in the capital reserve account does not exceed the District's local share reported in its Long-Range Facility Plan.

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, 2016 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$642,961.

In addition, the District has \$3,299,615 of contractual commitments at June 30, 2016 to vendors related to the ongoing construction projects, recorded as restricted for capital projects, in the capital projects fund.

Required Supplementary Information – Part II

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

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

Last Ten Fiscal Years*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - Local Group	0.0732122503%	0.0714014190%	0.0713357094%	Not available	Not available	Not available	Not available	Not available	Not available	Not available
District's proportionate share of the net pension liability (asset)	\$ 16,434,683	\$ 13,368,298	\$ 13,633,671	Not available	Not available	Not available	Not available	Not available	Not available	Not available
District's covered-employee payroll	\$ 5,065,509	\$ 4,991,828	\$ 4,921,659	\$ 4,893,029	\$ 4,948,467	\$ 5,275,784	\$ 5,191,673	\$ 4,872,844	\$ 4,725,165	\$ 4,558,458
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	324.44%	267.80%	277.01%	Not available	Not available	Not available	Not available	Not available	Not available	Not available
Plan fiduciary net position as a percentage of the total pension liability - Local Group	47.93%	52.08%	48.72%	Not available	Not available	Not available	Not available	Not available	Not available	Not available

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

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

See accompanying notes to required supplementary information.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
Schedule of District Contributions
Public Employee's Retirement System

Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 653,838	\$ 629,429	\$ 588,623	\$ 537,500	\$ 547,852	\$ 586,443	\$ 587,880	\$ 450,347	\$ 383,427	\$ 285,024
Contributions in relation to the contractually required contribution	(653,838)	(629,429)	(588,623)	(537,500)	(547,852)	(586,443)	(587,880)	(450,347)	(383,427)	(285,024)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 5,139,312	\$ 5,065,509	\$ 4,991,828	\$ 4,921,659	\$ 4,893,029	\$ 4,948,467	\$ 5,275,784	\$ 5,191,673	\$ 4,872,844	\$ 4,725,165
Contributions as a percentage of covered-employee payroll	12.72%	12.43%	11.79%	10.92%	11.20%	11.85%	11.14%	8.67%	7.87%	6.03%

See accompanying notes to required supplementary information.

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

Last Ten Fiscal Years*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.1733467542%	0.1725283819%	0.1830768662%	Not available	Not available	Not available	Not available	Not available	Not available	Not available
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 109,562,551	\$ 92,210,805	\$ 92,525,608	Not available	Not available	Not available	Not available	Not available	Not available	Not available
Total proportionate share of the net pension liability (asset) associated with the District	\$ 109,562,551	\$ 92,210,805	\$ 92,525,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%	Not available	Not available	Not available	Not available	Not available	Not available	Not available

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

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

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

See accompanying notes to required supplementary information.

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

Notes to Required Supplementary Information

Year Ended June 30, 2016

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

Required Supplementary Information – Part III

Budgetary Comparison Schedules

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 24,967,090		\$ 24,967,090	\$ 24,990,260	\$ 23,170
Tuition Charges	755,680		755,680	714,812	(40,868)
Miscellaneous	514,250		514,250	528,451	14,201
Total - Local Sources	<u>26,237,020</u>	<u>-</u>	<u>26,237,020</u>	<u>26,233,523</u>	<u>(3,497)</u>
State Sources:					
Equalization Aid	11,911,557		11,911,557	11,911,557	
Special Education Categorical Aid	1,135,471		1,135,471	1,135,471	
Security Aid	100,064		100,064	100,064	
Adult Ed Aid	-		-	314,896	314,896
PARCC Readiness Aid	20,160		20,160	20,160	
Per Pupil Growth Aid	20,160		20,160	20,160	
TPAF Pension (On-Behalf - Non-Budgeted)				3,017,943	3,017,943
TPAF Social Security (Reimbursed - Non-Budgeted)				1,273,751	1,273,751
Total State Sources	<u>13,187,412</u>	<u>-</u>	<u>13,187,412</u>	<u>17,794,002</u>	<u>4,606,590</u>
Federal Sources:					
Medicaid Reimbursement	73,562		73,562	47,602	(25,960)
Medicaid Admin Clearing Reimbursement				4,410	4,410
Total Federal Sources	<u>73,562</u>	<u>-</u>	<u>73,562</u>	<u>52,012</u>	<u>(21,550)</u>
Total Revenues	<u>39,497,994</u>	<u>-</u>	<u>39,497,994</u>	<u>44,079,537</u>	<u>4,581,543</u>
EXPENDITURES:					
Current Expenditures:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	5,417,207	\$ (120,000)	5,297,207	5,265,543	31,664
Purchased Educational Services	25,000		25,000	16,875	8,125
Other Purchased Services	3,907		3,907	3,907	3,907
General Supplies	232,500	54,386	286,886	210,002	76,884
Textbooks	118,950	(30,000)	88,950	77,089	11,861
Other Objects	4,000		4,000	4,000	4,000
Regular Programs - Home Instruction					
Salaries of Teachers	35,000	(7,500)	27,500	21,879	5,621
Purchased Educational Services	20,000	7,500	27,500	19,337	8,163
Total Regular Programs	<u>5,856,564</u>	<u>(95,614)</u>	<u>5,760,950</u>	<u>5,610,725</u>	<u>150,225</u>
Bilingual Education - Instruction					
Salaries of Teachers	125,219		125,219	116,435	8,784
General Supplies	3,820		3,820	1,074	2,746
Total Bilingual Education - Instruction	<u>129,039</u>	<u>-</u>	<u>129,039</u>	<u>117,509</u>	<u>11,530</u>
Regular Vocational Programs - Local - Instruction					
Salaries of Teachers	2,984,483	(147,500)	2,836,983	2,794,249	42,734
Purchased Professional-Educational Services	22,500	5,000	27,500	25,500	2,000
Other Purchased Services	350,350	25,000	375,350	365,723	9,627
General Supplies	507,600	(12,243)	495,357	406,913	88,444
Textbooks	37,450		37,450	34,670	2,780
Other Objects	4,000		4,000	3,572	428
Total Regular Vocational Programs - Local - Instruction	<u>3,906,383</u>	<u>(129,743)</u>	<u>3,776,640</u>	<u>3,630,627</u>	<u>146,013</u>
Special Vocational Programs - Local - Instruction					
Salaries of Teachers	3,267,682		3,267,682	3,247,053	20,629
Purchased Professional-Educational Services	5,000		5,000	5,000	5,000
Other Purchased Services	192,785	35,000	227,785	218,797	8,988
General Supplies	289,537	(31,627)	257,910	189,483	68,427
Textbooks	35,000		35,000	23,791	11,209
Other Objects	4,000		4,000	2,847	1,153
Total Special Vocational Programs - Local - Instruction	<u>3,794,004</u>	<u>3,373</u>	<u>3,797,377</u>	<u>3,681,971</u>	<u>115,406</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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Co curricular Actvts. - Instruction					
Salaries	\$ 135,495	\$ 10,000	\$ 145,495	\$ 138,800	\$ 6,695
General Supplies	7,500		7,500	1,644	5,856
Other Objects	19,000	385	19,385	6,445	12,940
Transfers to Cover Deficit (Agency Funds)	2,000		2,000		2,000
Total School-Spon. Co curricular Actvts. - Instruction	163,995	10,385	174,380	146,889	27,491
School-Spon. Athletics - Instruction					
Salaries	324,959	7,500	332,459	325,300	7,159
Purchased Services	46,540	(9,000)	37,540	35,440	2,100
Supplies and Materials	92,020	8,318	100,338	92,475	7,863
Other Objects	25,600		25,600	23,281	2,319
Total School-Spon. Athletics - Instruction	489,119	6,818	495,937	476,496	19,441
Total Instruction	14,339,104	(204,781)	14,134,323	13,664,217	470,106
Undistributed Expenditures:					
Undist. Expend. - Health Services					
Salaries	367,475	2,000	369,475	368,434	1,041
Purchased Professional Services	40,000	2,000	42,000	39,596	2,404
Supplies and Materials	17,500		17,500	12,181	5,319
Other Objects	1,000	120	1,120	185	935
Total Undistributed Expenditures - Health Services	425,975	4,120	430,095	420,396	9,699
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries of Other Professional Staff	121,811		121,811	121,340	471
Educational Services	3,000		3,000		3,000
Supplies and Materials	3,000		3,000	2,214	786
Total Undist. Expend.-Other Supp. Serv. Students-Related Serv.	127,811	-	127,811	123,554	4,257
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	884,776	70,000	954,776	944,513	10,263
Salaries of Secretarial and Clerical Assistants	202,765		202,765	195,760	7,005
Unused Vacation Payment	500		500		500
Other Purchased and Technical Services	2,000		2,000		2,000
Other Purchased Services	2,500		2,500		2,500
Supplies and Materials	23,500	234	23,734	20,056	3,678
Other Objects	5,000		5,000	1,383	3,617
Total Undist. Expend. - Guidance	1,121,041	70,234	1,191,275	1,161,712	29,563
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	601,817	(17,000)	584,817	582,269	2,548
Salaries of Secretarial and Clerical Assistants	210,379	3,500	213,879	212,475	1,404
Unused Vacation Payment	500		500		500
Other Purchased and Technical Services	9,000	1,000	10,000	8,212	1,788
Other Purchased Services	6,400	(3,500)	2,900		2,900
Supplies and Materials	7,700	16,000	23,700	21,866	1,834
Other Objects	2,750		2,750		2,750
Total Undist. Expend. - Child Study Teams	838,546	-	838,546	824,822	13,724
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	385,476	3,000	388,476	388,037	439
Salaries of Secretarial and Clerical Assistants	94,057		94,057	93,935	122
Unused Vacation Payment	500	7,000	7,500	5,611	1,889
Purchased Professional - Educational Services	8,875		8,875	400	8,475
Other Purchased Prof. and Tech. Services	10,650	(3,000)	7,650		7,650
Other Purchased Services	6,500		6,500	2,621	3,879
Supplies and Materials	19,000	55,312	74,312	5,920	68,392
Other Objects	1,900		1,900	760	1,140
Total Undist. Expend. - Improvement of Inst. Serv.	526,958	62,312	589,270	497,284	91,986
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	333,295	2,500	335,795	334,467	1,328
Supplies and Materials	52,000	200	52,200	46,135	6,065
Total Undist. Expend. - Edu. Media Serv./Sch. Library	385,295	2,700	387,995	380,602	7,393

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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	\$ 68,025	\$ 1,000	\$ 69,025	\$ 68,477	\$ 548
Salaries of Secretarial and Clerical Assistants	16,598		16,598	16,578	20
Purchased Professional - Educational Services	30,875		30,875	10,818	20,057
Other Purchased Prof. and Tech. Services	650		650		650
Other Purchased Services	13,500	5,500	19,000	15,525	3,475
Supplies and Materials	3,000	(1,000)	2,000		2,000
Other Objects	2,000		2,000	141	1,859
Total Undist. Expend. - Instructional Staff Training Serv.	134,648	5,500	140,148	111,539	28,609
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	579,851	9,000	588,851	585,809	3,042
Other Purchased Professional Services	129,400	31,543	160,943	87,100	73,843
Purchased Technical Services	80,000	18,900	98,900	86,383	12,517
Communications/Telephone	267,400	(29,000)	238,400	218,240	20,160
BOE Other Purchased Services	5,500	(2,500)	3,000	1,875	1,125
Other Purchased Services	120,320		120,320	103,796	16,524
Supplies and Materials	30,000	12,668	42,668	29,748	12,920
BOE Meeting Supplies	3,000		3,000	327	2,673
Miscellaneous Expenditures	40,775	22,000	62,775	59,491	3,284
BOE Membership Dues and Fees	32,500	500	33,000	32,574	426
Total Undist. Expend. - Supp. Serv. - General Admin.	1,288,746	63,111	1,351,857	1,205,343	146,514
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	1,730,701	75,000	1,805,701	1,796,005	9,696
Salaries of Other Professional Staff	109,868	(70,000)	39,868	38,771	1,097
Salaries of Secretarial and Clerical Assistants	710,175	(87,500)	622,675	616,239	6,436
Purchased Professional and Technical Services	500		500		500
Other Purchased Services	20,500	24	20,524	7,146	13,378
Supplies and Materials	122,363	10,119	132,482	129,587	2,895
Other Objects	14,000		14,000	7,132	6,868
Total Undist. Expend. - Support Serv. - School Admin.	2,708,107	(72,357)	2,635,750	2,594,880	40,870
Undist. Expend. - Support Serv.-Central Services					
Salaries	788,747	5,000	793,747	790,596	3,151
Purchased Professional Services	500		500		500
Purchased Technical Services	500		500		500
Other Purchased Services	42,400	(10,000)	32,400	15,902	16,498
Supplies and Materials	28,100	85,798	113,898	110,998	2,900
Other Objects	4,000		4,000	3,375	625
Total Undist. Expend. - Support Serv.-Central Services	864,247	80,798	945,045	920,871	24,174
Undist. Expend. - Support Serv. - Admin. Info. Technology					
Salaries	477,345	1,000	478,345	477,157	1,188
Purchased Professional Services	1,000		1,000		1,000
Purchased Technical Services	4,500		4,500		4,500
Other Purchased Services	12,500	(1,000)	11,500	4,150	7,350
Supplies and Materials	102,500	40,000	142,500	126,767	15,733
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Support Serv.- Admin. Info. Technology	598,845	40,000	638,845	608,074	30,771
Undist. Expend. - Required Maint. For Sch. Facilities					
Salaries	472,060	20,000	492,060	478,326	13,734
Unused Vacation Payment	500		500		500
Cleaning, Repair and Maintenance Services	449,893	219,920	669,813	484,586	185,227
General Supplies	109,500	50,325	159,825	138,602	21,223
Total Undist. Expend. - Required Maint. For Sch. Facilities	1,031,953	290,245	1,322,198	1,101,514	220,684

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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	\$ 1,835,618		\$ 1,835,618	\$ 1,802,262	\$ 33,356
Unused Vacation Payment	500	\$ 3,000	3,500	2,816	684
Purchased Professional and Technical Services	375,000	186,574	561,574	375,663	185,911
Cleaning, Repair and Maintenance Services	304,423	(4,712)	299,711	290,419	9,292
Lease Purchase Payment - ESIP	94,864	(25,000)	69,864	65,614	4,250
Other Purchased Property Services	110,900	35,000	145,900	135,571	10,329
Insurance	267,500	(5,000)	262,500	255,694	6,806
Miscellaneous Purchased Services	5,000		5,000	2,467	2,533
General Supplies	172,500	50,218	222,718	198,403	24,315
Energy (Natural Gas)	594,055	(125,000)	469,055	294,744	174,311
Energy (Electricity)	1,445,458	(170,000)	1,275,458	1,171,775	103,683
Other Objects	15,000	5,000	20,000	19,124	876
Total Undist. Expend. - Other Oper. & Maint. Of Plant	5,220,818	(49,920)	5,170,898	4,614,552	556,346
Care and Upkeep of Grounds					
Salaries	456,208		456,208	446,089	10,119
Unused Vacation Payment	500		500		500
Purchased Professional and Technical Services	500		500		500
Cleaning, Repair and Maintenance Services	140,000	71,103	211,103	193,080	18,023
General Supplies	70,000	21,043	91,043	82,285	8,758
Other Objects	1,000		1,000	295	705
Total Care and Upkeep of Grounds	668,208	92,146	760,354	721,749	38,605
Security					
Purchased Professional and Technical Services	238,000	40,000	278,000	272,676	5,324
Cleaning, Repair and Maintenance Services	12,000	45,000	57,000	55,360	1,640
General Supplies	10,000	10,000	20,000	14,193	5,807
Other Objects	1,000		1,000		1,000
Total Security	261,000	95,000	356,000	342,229	13,771
Undist. Expend. - Student Transportation Serv.					
Contract Services (Other than Between Home & Sch)-Vendors	176,165	30,000	206,165	182,001	24,164
Total Undist. Expend. - Student Transportation Serv.	176,165	30,000	206,165	182,001	24,164
Unallocated Benefits					
Social Security Contributions	495,000	8,000	503,000	492,703	10,297
T.P.A.F. Contributions - ERIP	155,000	1,500	156,500	156,481	19
Other Retirement Contributions - Regular	632,000		632,000	630,724	1,276
Other Retirement Contributions - ERIP	24,000	(1,500)	22,500	21,806	694
Unemployment Compensation	103,440	(80,000)	23,440	20,846	2,594
Workmen's Compensation	374,500	(83,000)	291,500	267,053	24,447
Health Benefits	6,282,020	(150,000)	6,132,020	6,020,962	111,058
Tuition Reimbursement	80,000	15,000	95,000	81,512	13,488
Unused Sick Payment	81,000	65,000	146,000	144,035	1,965
Total Unallocated Benefits	8,226,960	(225,000)	8,001,960	7,836,122	165,838
On-behalf TPAF Pension Contributions (non-budgeted)				3,017,943	(3,017,943)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,273,751	(1,273,751)
Total On-behalf Contributions				4,291,694	(4,291,694)
Total Personal Services-Employee Benefits	8,226,960	(225,000)	8,001,960	12,127,816	(4,125,856)
Total Undistributed Expenditures	24,605,323	488,889	25,094,212	27,938,938	(2,844,726)
Total General Current Expense	38,944,427	284,108	39,228,535	41,603,155	(2,374,620)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services					
Assessment for Debt Serv on SDA Funding	98,382		98,382	98,382	
Total Capital Outlay	98,382	-	98,382	98,382	-

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Schools:					
Post - Secondary Programs - Instruction					
Salaries of Teachers	\$ 750,912		\$ 750,912	\$ 713,687	\$ 37,225
Purchased Prof. and Tech. Services	5,800		5,800		5,800
Other Purchased Services	5,200		5,200		5,200
General Supplies	65,500	\$ (20,000)	45,500	29,757	15,743
Textbooks	4,675	385	5,060	1,111	3,949
Other Objects	3,200		3,200		3,200
Total Post - Secondary Programs - Instruction	<u>835,287</u>	<u>(19,615)</u>	<u>815,672</u>	<u>744,555</u>	<u>71,117</u>
Post - Secondary Programs - Support Services					
Salaries	80,908		80,908	75,772	5,136
Unused Vacation Payment	500		500		500
Other Purchased Services	2,000		2,000	215	1,785
Supplies and Materials	4,000		4,000	2,784	1,216
Other Objects	2,000		2,000		2,000
Total Post - Secondary Programs - Support Services	<u>89,408</u>		<u>89,408</u>	<u>78,771</u>	<u>10,637</u>
Total Post - Secondary Programs	<u>924,695</u>	<u>(19,615)</u>	<u>905,080</u>	<u>823,326</u>	<u>81,754</u>
Vocational Evening-Local-Instruction					
Salaries of Teachers	269,213	(70,000)	199,213	165,074	34,139
Other Salaries for Instruction	5,000		5,000	451	4,549
General Supplies	84,900	(27,500)	57,400	14,252	43,148
Textbooks	16,300		16,300	2,055	14,245
Total Vocational Evening-Local-Instruction	<u>375,413</u>	<u>(97,500)</u>	<u>277,913</u>	<u>181,832</u>	<u>96,081</u>
Vocational Evening-Local-Support Serv.					
Salaries	298,577		298,577	277,629	20,948
Unused Vacation Payment	500		500		500
Supplies and Materials	23,750		23,750	6,625	17,125
Other Objects	28,250	4,824	33,074	18,729	14,345
Total Vocational Evening-Local-Support Serv.	<u>351,077</u>	<u>4,824</u>	<u>355,901</u>	<u>302,983</u>	<u>52,918</u>
Total Vocational Evening-Local	<u>726,490</u>	<u>(92,676)</u>	<u>633,814</u>	<u>484,815</u>	<u>148,999</u>
Total Special Schools	<u>1,651,185</u>	<u>(112,291)</u>	<u>1,538,894</u>	<u>1,308,141</u>	<u>230,753</u>
Total Expenditures	<u>40,693,994</u>	<u>171,817</u>	<u>40,865,811</u>	<u>43,009,678</u>	<u>(2,143,868)</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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Deficiency) Excess of Revenues (Under) Over Expenditures	\$ (1,196,000)	\$ (171,817)	\$ (1,367,817)	\$ 1,069,859	\$ 2,437,676
Other Financing (Uses):					
Transfer to Food Service Fund	(4,000)		(4,000)		4,000
Total Other Financing (Uses)	(4,000)		(4,000)	-	4,000
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing (Uses)	(1,200,000)	(171,817)	(1,371,817)	1,069,859	2,441,676
Fund Balance, July 1	3,808,889		3,808,889	3,808,889	
Fund Balance, June 30	\$ 2,608,889	\$ (171,817)	\$ 2,437,072	\$ 4,878,748	\$ 2,441,676
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing (uses)					
Budgeted fund balance	\$ (1,200,000)		\$ (1,200,000)	\$ 1,241,676	\$ 2,441,676
Adjustment for prior year encumbrances		\$ (171,817)	(171,817)	(171,817)	
Total	\$ (1,200,000)	\$ (171,817)	\$ (1,371,817)	\$ 1,069,859	\$ 2,441,676
Recapitulation of fund balance:					
Restricted Fund Balance:					
Capital reserve account				\$ 575,100	
Excess Surplus - Designated for Subsequent Year's Expenditures				89,349	
Excess Surplus - Current Year				117,270	
Assigned Fund Balance:					
Year-end encumbrances - assigned				642,961	
Designated for subsequent year's expenditures - assigned				1,110,651	
SEMI -Designated for subsequent year's expenditures				20,338	
Unassigned Fund Balance				2,323,079	
				4,878,748	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				(1,340,398)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,538,350	

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, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 289,843	\$ 300	\$ 290,143	\$ 181,103	\$ (109,040)
State Sources	151,157	10,069	161,226	161,141	(85)
Federal Sources	2,221,143	135,310	2,356,453	2,263,456	(92,997)
Total Revenues	<u>2,662,143</u>	<u>145,679</u>	<u>2,807,822</u>	<u>2,605,700</u>	<u>(202,122)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	688,692	30,312	719,004	673,268	45,736
Purchased Professional and Technical Services	51,020	(6,672)	44,348	38,285	6,063
Other Purchased Services	52,723	12,657	65,380	65,380	-
General Supplies	469,818	72,577	542,395	524,463	17,932
Total Instruction	<u>1,262,253</u>	<u>108,874</u>	<u>1,371,127</u>	<u>1,301,396</u>	<u>69,731</u>
Support Services					
Salaries of Other Professional Staff	411,890	5,777	417,667	355,421	62,246
Personal Services - Employee Benefits	254,318	4,925	259,243	239,017	20,226
Other Purchased Professional Services	101,262	40,280	141,542	127,208	14,334
Travel	545	(257)	288	133	155
Other Purchased Services	39,352	(3,365)	35,987	15,177	20,810
Supplies & Materials	63,207	(2,840)	60,367	46,536	13,831
Other Objects	789	-	789	-	789
Total Support Services	<u>871,363</u>	<u>44,520</u>	<u>915,883</u>	<u>783,492</u>	<u>132,391</u>
Facilities Acquisition and Construction Services					
Instructional Equipment	278,527	(7,715)	270,812	270,812	-
Construction Service	250,000	-	250,000	250,000	-
Total Facilities Acquisition and Construction Services	<u>528,527</u>	<u>(7,715)</u>	<u>520,812</u>	<u>520,812</u>	<u>-</u>
Total Expenditures	<u>2,662,143</u>	<u>145,679</u>	<u>2,807,822</u>	<u>2,605,700</u>	<u>202,122</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
Budget to GAAP Reconciliation
Year Ended June 30, 2016**

**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] \$ 44,079,537	[C-2] \$ 2,605,700
Difference - budgetary to GAAP:		
State aid payments recognized for budgetary purposes, not recognized for GAAP statements		
Prior year	1,308,894	
Current year	(1,340,398)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 44,048,033	[B-2] \$ 2,605,700

Supplementary Information

Special Revenue Fund

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2016**

	Total Brought Forward (Ex. E-1a)	Title I Part A Regular Program	Title II Part A Regular Program	I.D.E.A Part B Regular Program	Ed Connect	Race To The Top Program (RTT3)	Carl Perkins Entitlement Secondary Program Federal	Carl Perkins Entitlement Secondary Program Reserve	Totals
REVENUES:									
Local Sources	\$ 181,103								\$ 181,103
State Sources	161,141								161,141
Federal Sources	251,859	\$ 545,593	\$ 92,277	\$ 664,260	\$ 48,637	\$ 102	\$ 595,049	\$ 65,679	2,263,456
Total Revenues	<u>\$ 594,103</u>	<u>\$ 545,593</u>	<u>\$ 92,277</u>	<u>\$ 664,260</u>	<u>\$ 48,637</u>	<u>\$ 102</u>	<u>\$ 595,049</u>	<u>\$ 65,679</u>	<u>\$ 2,605,700</u>
EXPENDITURES:									
Instruction									
Salaries of Teachers	\$ 55,108	\$ 295,175		\$ 226,480	\$ 9,300		\$ 87,205		\$ 673,268
Purchased Professional and Technical Services		22,045		10,000			6,240		38,285
Other Purchased Services	2,000	55,528			7,852				65,380
General Supplies	122,925	58,827		40,033	4,774		286,827	\$ 11,077	524,463
Total Instruction	<u>180,033</u>	<u>431,575</u>		<u>276,513</u>	<u>21,926</u>		<u>380,272</u>	<u>11,077</u>	<u>1,301,396</u>
Support Services									
Salaries of Other Professional Staff	59,446	15,706	\$ 15,645	261,169		\$ 95	3,360		355,421
Personal Services - Employee Benefits	19,762	69,448	1,197	126,578	711	7	21,314		239,017
Other Purchased Professional & Technical Services		23,795	75,435		26,000		1,978		127,208
Travel	133								133
Other Purchased Services	8,609						6,568		15,177
Supplies and Materials	41,467	5,069							46,536
Total Support Services	<u>129,417</u>	<u>114,018</u>	<u>92,277</u>	<u>387,747</u>	<u>26,711</u>	<u>102</u>	<u>33,220</u>		<u>783,492</u>
Facilities Acquisition and Construction Services									
Instructional Equipment	34,653						181,557	54,602	270,812
Construction Service	250,000								250,000
Total Facilities Acquisition and Construction Services	<u>284,653</u>						<u>181,557</u>	<u>54,602</u>	<u>520,812</u>
Total Expenditures	<u>\$ 594,103</u>	<u>\$ 545,593</u>	<u>\$ 92,277</u>	<u>\$ 664,260</u>	<u>\$ 48,637</u>	<u>\$ 102</u>	<u>\$ 595,049</u>	<u>\$ 65,679</u>	<u>\$ 2,605,700</u>

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1b)	Hazard Mitigation	Carl Perkins Entitlement Postsecondary Program State	Apprentice Coordinator Program	Sustainable Jersey	Sustainable NJ Garden Pisc	Whole Kids Garden	Alcohol Adolescents Program	Total Carried Forward
REVENUES:									
Local Sources	\$ 168,864					\$ 7,272	\$ 1,967	\$ 3,000	\$ 181,103
State Sources			\$ 136,726	\$ 24,415					161,141
Federal Sources		\$ 250,000			\$ 1,859				251,859
Total Revenues	\$ 168,864	\$ 250,000	\$ 136,726	\$ 24,415	\$ 1,859	\$ 7,272	\$ 1,967	\$ 3,000	\$ 594,103
EXPENDITURES:									
Instruction									
Salaries of Teachers	\$ 55,108								\$ 55,108
Purchased Professional and Technical Services									
Other Purchased Services	2,000								2,000
General Supplies	20,440		\$ 102,073		\$ 412				122,925
Total Instruction	77,548		102,073		412				180,033
Support Services									
Salaries of Other Professional Staff	45,000			\$ 14,446					59,446
Personal Services - Employee Benefits	19,762								19,762
Other Purchased Professional & Technical Services									
Travel				133					133
Other Purchased Services				5,609				\$ 3,000	8,609
Supplies and Materials	26,554			4,227	1,447	\$ 7,272	\$ 1,967		41,467
Total Support Services	91,316			24,415	1,447	7,272	1,967	3,000	129,417
Facilities Acquisition and Construction Services									
Instructional Equipment			34,653						34,653
Construction Services		\$ 250,000							250,000
Facilities Acquisition and Construction Services		250,000	34,653						284,653
Total Expenditures	\$ 168,864	\$ 250,000	\$ 136,726	\$ 24,415	\$ 1,859	\$ 7,272	\$ 1,967	\$ 3,000	\$ 594,103

**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, 2016**

	PSA Contest	Sustainable Jersey Grant	NJSBAIG Safety Grant	GCADA Grant	Mini Arts Grant	Inmate Education		Alcohol Adolescents Program	Total Carried Forward
						Regular Program	Carryover		
REVENUES:									
Local Sources	\$ 977	\$ 10,000	\$ 10,577	\$ 20,000	\$ 2,000	\$ 35,930	\$ 39,380	\$ 50,000	\$ 168,864
Total Revenues	<u>\$ 977</u>	<u>\$ 10,000</u>	<u>\$ 10,577</u>	<u>\$ 20,000</u>	<u>\$ 2,000</u>	<u>\$ 35,930</u>	<u>\$ 39,380</u>	<u>\$ 50,000</u>	<u>\$ 168,864</u>
EXPENDITURES									
Instruction									
Salaries of Teachers						\$ 27,827	\$ 27,281		\$ 55,108
Purchased Professional and Technical Services									
Other Purchased Services					\$ 2,000				2,000
General Supplies				\$ 15,000		89	351	\$ 5,000	20,440
Total Instruction				<u>15,000</u>	<u>2,000</u>	<u>27,916</u>	<u>27,632</u>	<u>5,000</u>	<u>77,548</u>
Support Services									
Salaries of Other Professional Staff								45,000	45,000
Personal Services - Employee Benefits						8,014	11,748		19,762
Other Purchased Professional & Technical Services									
Travel									
Other Purchased Services									
Supplies & Materials	\$ 977	\$ 10,000	\$ 10,577	5,000					26,554
Other Objects									
Total Support Services	<u>977</u>	<u>10,000</u>	<u>10,577</u>	<u>5,000</u>		<u>8,014</u>	<u>11,748</u>	<u>45,000</u>	<u>91,316</u>
Total Expenditures	<u>\$ 977</u>	<u>\$ 10,000</u>	<u>\$ 10,577</u>	<u>\$ 20,000</u>	<u>\$ 2,000</u>	<u>\$ 35,930</u>	<u>\$ 39,380</u>	<u>\$ 50,000</u>	<u>\$ 168,864</u>

Capital Projects Fund

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Summary Schedule of Project Expenditures - Budgetary Basis
Year Ended June 30, 2016

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2016
			Prior Years	Current Year	
Insurance Reimbursements - Superstorm Sandy	7/1/2012	\$ 50,183			\$ 50,183
Capital Outlay - County	7/1/2011	3,100,000	\$ 3,048,912		51,088
Capital Outlay - County	7/1/2012	3,100,000	2,872,449	\$ 166,645	60,906
Capital Outlay - County	7/1/2013	3,100,000	2,598,384	113,558	388,058
Capital Outlay - County	7/1/2014	1,726,107	370,615	924,064	431,428
ROD Grant East Brunswick Roof	7/1/2014	1,246,503	85,589	1,151,069	9,845
ROD East Brunswick Grant Science Lab	7/1/2014	437,341	68,679	354,461	14,201
ROD Grant East Brunswick Mechatronics	7/1/2014	514,388	86,330	417,131	10,927
Energy Savings Improvement Plan	7/1/2014	11,300,000	2,856,702	6,362,694	2,080,604
Miscellaneous Income	7/1/2014	1,000			1,000
Capital Outlay - County	7/1/2015	2,440,549		424,732	2,015,817
ROD Grant Piscataway HVAC	7/1/2015	1,110,000		28,500	1,081,500
Interest Income	7/1/2015	651			651
		<u>\$ 28,126,722</u>	<u>\$ 11,987,660</u>	<u>\$ 9,942,854</u>	<u>\$ 6,196,208</u>

**The Board of Education
of the Vocational and Technical High Schools
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State of New Jersey
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance-Budgetary Basis
Year Ended June 30, 2016**

Revenue

State Sources - SDA Grants	\$ 312,905
County Capital Contribution	3,100,000
Interest Income	461
Total Revenue	<u>3,413,366</u>

Expenditures

Purchased Professional and Technical Services	1,544,891
Construction Services	8,235,192
Other Objects	14,923
Equipment Purchases	147,848
Total Expenditures	<u>9,942,854</u>

(Deficiency) of revenues (under) expenditures (6,529,488)

Fund Balance - Beginning - July 1 12,725,696

Fund Balance - Ending - June 30 \$ 6,196,208

Reconciliation of Fund Balance:

Fund Balance, Budgetary Basis	\$ 6,196,208
GAAP Basis Revenues not Recognized	<u>(447,412)</u>
Fund Balance - June 30, 2016 GAAP Basis	<u><u>\$ 5,748,796</u></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, 2016**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
State Sources - SDA Grants	\$ 2,340,000		\$ 2,340,000
Inter Governmental Transfers from County Capital Contribution	3,194,501		3,194,501
Total Revenue and Other Financing Sources	5,534,501		5,534,501
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	5,534,501		5,534,501
Excess (deficiency) of revenues Over (under) expenditures	\$ -	\$ -	\$ -
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	(315,499)		
Revised Eligible Cost	\$ 5,534,501		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completion	100%		
Original Target Completion Date	Jun-00		
Revised Target Completion Date	Complete		

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
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Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2016**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2011/2012	\$ 3,100,000		\$ 3,100,000
Total Revenue and Other Financing Sources	3,100,000		3,100,000
Expenditures			
Purchased Professional and Technical Services	222,980		222,980
Construction Services	2,424,743		2,424,743
Other Objects	7,759		7,759
Equipment Purchases	393,430		393,430
Total Expenditures	3,048,912	-	3,048,912
Excess (deficiency) of revenues Over (under) expenditures	\$ 51,088	\$ -	\$ 51,088
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		98%	
Original Target Completion Date		Jun-13	
Revised Target Completion Date		Jun-17	

**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, 2016**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2012/2013	\$ 3,100,000		\$ 3,100,000
Total Revenue and Other Financing Sources	3,100,000		3,100,000
Expenditures			
Purchased Professional and Technical Services	293,538	\$ 8,478	302,016
Construction Services	2,187,865	158,167	2,346,032
Other Objects	8,640		8,640
Equipment Purchases	382,406		382,406
Total Expenditures	2,872,449	166,645	3,039,094
Excess (deficiency) of revenues Over (under) expenditures	\$ 227,551	\$ (166,645)	\$ 60,906
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		98%	
Original Target Completion Date		Jun-14	
Revised Target Completion Date		Jun-17	

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
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Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Capital Outlay
Year Ended June 30, 2016

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2013/2014	\$ 3,100,000		\$ 3,100,000
Total Revenue and Other Financing Sources	3,100,000		3,100,000
Expenditures			
Purchased Professional and Technical Services	270,963	\$ 18,890	289,853
Construction Services	1,922,338	94,668	2,017,006
Other Objects	10,341		10,341
Equipment Purchases	394,742		394,742
Total Expenditures	2,598,384	113,558	2,711,942
Excess (deficiency) of revenues Over (under) expenditures	\$ 501,616	\$ (113,558)	\$ 388,058
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		87%	
Original Target Completion Date		Jun-15	
Revised Target Completion Date		Jun-17	

**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, 2016**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2014/2015	\$ 1,691,983	\$ 34,124	\$ 1,726,107
Total Revenue and Other Financing Sources	1,691,983	34,124	1,726,107
Expenditures			
Purchased Professional and Technical Services	31,669	5,307	36,976
Construction Services	30,799	918,757	949,556
Other Objects	1,720		1,720
Equipment Purchases	306,427		306,427
Total Expenditures	370,615	924,064	1,294,679
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 1,321,368</u>	<u>\$ (889,940)</u>	<u>\$ 431,428</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 1,691,983		
Additional Eligible Cost	34,124		
Revised Eligible Cost	\$ 1,726,107		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		75%	
Original Target Completion Date		Jun-16	
Revised Target Completion Date		Jun-17	

**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
ROD Grant East Brunswick Roof
Year Ended June 30, 2016**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
State Sources - SDA Grants	\$ 596,673	\$ (90,717)	\$ 505,956
County Capital Contribution - 2014/2015	873,327	(132,780)	740,547
Total Revenue and Other Financing Sources	<u>1,470,000</u>	<u>(223,497)</u>	<u>1,246,503</u>
Expenditures			
Purchased Professional and Technical Services	85,589	22,549	108,138
Construction Services		1,128,520	1,128,520
Other Objects			
Equipment Purchases			
Total Expenditures	<u>85,589</u>	<u>1,151,069</u>	<u>1,236,658</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 1,384,411</u>	<u>\$ (1,374,566)</u>	<u>\$ 9,845</u>
Additional Project Information:			
Project Number	3150-040-14-1003-G04		
Grant Date	1/6/2014		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Eligible Cost	\$ 1,470,000		
Additional Eligible Cost	(223,497)		
Revised Eligible Cost	\$ 1,246,503		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completion	99%		
Original Target Completion Date	Jun-16		
Revised Target Completion Date	Jun-17		

**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
ROD Grant East Brunswick Science Lab
Year Ended June 30, 2016**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
State Sources - SDA Grants	\$ 109,593		\$ 109,593
County Capital Contribution - 2014/2015	160,407	\$ 167,341	327,748
Total Revenue and Other Financing Sources	<u>270,000</u>	<u>167,341</u>	<u>437,341</u>
Expenditures			
Purchased Professional and Technical Services	32,185	6,027	38,212
Construction Services	35,369	348,434	383,803
Other Objects	1,125		1,125
Equipment Purchases			
Total Expenditures	<u>68,679</u>	<u>354,461</u>	<u>423,140</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 201,321</u>	<u>\$ (187,120)</u>	<u>\$ 14,201</u>
Additional Project Information:			
Project Number	3150-040-14-1002-G04		
Grant Date	1/6/2014		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Eligible Cost	\$ 270,000		
Additional Eligible Cost	167,341		
Revised Eligible Cost	\$ 437,341		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completion	97%		
Original Target Completion Date	Jun-16		
Revised Target Completion Date	Jun-17		

**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
ROD Grant East Brunswick Mechatronics
Year Ended June 30, 2016**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
State Sources - SDA Grants	\$ 255,717	\$ (46,927)	\$ 208,790
County Capital Contribution - 2014/2015	374,283	(68,685)	305,598
Total Revenue and Other Financing Sources	<u>630,000</u>	<u>(115,612)</u>	<u>514,388</u>
Expenditures			
Purchased Professional and Technical Services	40,860	7,096	47,956
Construction Services	42,845	410,035	452,880
Other Objects	2,625		2,625
Equipment Purchases			
Total Expenditures	<u>86,330</u>	<u>417,131</u>	<u>503,461</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 543,670</u>	<u>\$ (532,743)</u>	<u>\$ 10,927</u>
Additional Project Information:			
Project Number	3150-040-14-1001-G04		
Grant Date	1/6/2014		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Eligible Cost	\$ 630,000		
Additional Eligible Cost	(115,612)		
Revised Eligible Cost	\$ 514,388		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completion	98%		
Original Target Completion Date	Jun-16		
Revised Target Completion Date	Jun-17		

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Energy Savings Improvement Program
Year Ended June 30, 2016**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
Lease Purchases	\$ 11,300,000		\$ 11,300,000
Total Revenue and Other Financing Sources	11,300,000		11,300,000
Expenditures			
Purchased Professional and Technical Services	818,494	\$ 1,321,531	2,140,025
Construction Services	2,024,833	5,036,163	7,060,996
Other Objects	13,375	5,000	18,375
Equipment Purchases			
Total Expenditures	2,856,702	6,362,694	9,219,396
Excess (deficiency) of revenues Over (under) expenditures	\$ 8,443,298	\$ (6,362,694)	\$ 2,080,604
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 11,300,000		
Additional Eligible Cost			
Revised Eligible Cost	\$ 11,300,000		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		82%	
Original Target Completion Date		Jun-16	
Revised Target Completion Date		Jun-17	

**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, 2016**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2015/2016		\$ 2,440,549	\$ 2,440,549
Total Revenue and Other Financing Sources		2,440,549	2,440,549
Expenditures			
Purchased Professional and Technical Services		126,513	126,513
Construction Services		140,448	140,448
Other Objects		9,923	9,923
Equipment Purchases		147,848	147,848
Total Expenditures		424,732	424,732
Excess (deficiency) of revenues Over (under) expenditures	\$ -	\$ 2,015,817	\$ 2,015,817
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	\$	2,440,549	
Additional Eligible Cost			
Revised Eligible Cost	\$	2,440,549	
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		17%	
Original Target Completion Date		Jun-17	
Revised Target Completion Date			

**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
ROD Grant Piscataway HVAC
Year Ended June 30, 2016**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
State Sources - SDA Grants		\$ 450,549	\$ 450,549
County Capital Contribution - 2015/2016		659,451	659,451
Total Revenue and Other Financing Sources		<u>1,110,000</u>	<u>1,110,000</u>
Expenditures			
Purchased Professional and Technical Services		28,500	28,500
Construction Services			
Other Objects			
Equipment Purchases			
Total Expenditures		<u>28,500</u>	<u>28,500</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ 1,081,500</u>	<u>\$ 1,081,500</u>
Additional Project Information:			
Project Number	3150-030-14-1004-G04		
Grant Date	1/6/2014		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Eligible Cost	\$	1,110,000	
Additional Eligible Cost			
Revised Eligible Cost	\$	1,110,000	
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		3%	
Original Target Completion Date		Jun-17	
Revised Target Completion Date			

Fiduciary Fund

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016**

	Trust	Agency		Total Agency
	Private-Purpose Scholarship Fund	Student Activity	Payroll	
ASSETS				
Cash and cash equivalents	\$ 6,640	\$ 115,496	\$ 404,088	\$ 519,584
Interfund receivable		888	6	894
Total assets	<u>6,640</u>	<u>\$ 116,384</u>	<u>\$ 404,094</u>	<u>\$ 520,478</u>
LIABILITIES				
Payable to student groups		\$ 116,384		\$ 116,384
Payroll deductions and withholdings payable			\$ 404,094	404,094
Total liabilities		<u>\$ 116,384</u>	<u>\$ 404,094</u>	<u>\$ 520,478</u>
NET POSITION				
Held in trust for scholarships	<u>6,640</u>			
Total net position	<u>\$ 6,640</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 Position
Fiduciary Fund
Year Ended June 30, 2016

	<u>Private-Purpose Scholarship Fund</u>
ADDITIONS	
Investment earnings:	
Interest	<u>\$ 1</u>
Total additions	<u>1</u>
DEDUCTIONS	
Bank service charges	<u>202</u>
Total deductions	<u>202</u>
Change in net position	(201)
Net position—beginning of the year	<u>6,841</u>
Net position—end of the year	<u><u>\$ 6,640</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, 2016**

Schools	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
Perth Amboy	\$ 11,601	\$ 29,719	\$ 30,271	\$ 11,049
East Brunswick	39,082	89,788	95,894	32,976
Woodbridge	20,771	56,911	53,651	24,031
Piscataway	18,422	57,490	58,427	17,485
The Academy	25,491	46,415	41,951	29,955
Total all schools	\$ 115,367	\$ 280,323	\$ 280,194	\$ 115,496

**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, 2016**

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2016</u>
Assets:				
Cash and cash equivalents	\$ 360,266	\$ 13,189,119	\$ 13,145,297	\$ 404,088
Interfund receivable		1,225,761	1,225,755	6
Total assets	<u>\$ 360,266</u>	<u>\$ 14,414,880</u>	<u>\$ 14,371,052</u>	<u>\$ 404,094</u>
Liabilities:				
Payroll deductions and withholdings payable	\$ 360,266	\$ 14,414,880	\$ 14,371,052	\$ 404,094
Total liabilities	<u>\$ 360,266</u>	<u>\$ 14,414,880</u>	<u>\$ 14,371,052</u>	<u>\$ 404,094</u>

Long-Term Debt

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Schedule of Obligations Under Capital Leases
Year Ended June 30, 2016

I-2

Purpose	Interest Rate	Amount of Original Issue	Balance July 1, 2015	Issued	Paid	Balance June 30, 2016
Energy Conservation	2.5185%	\$ 11,300,000	\$ 11,300,000	\$ -	\$ -	\$ 11,300,000
			<u>\$ 11,300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,300,000</u>

Statistical Section

Statistical Section
Unaudited

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 60,433,060	\$ 63,295,239	\$ 63,789,054	\$ 63,980,883	\$ 64,241,294	\$ 64,418,541	\$ 66,265,008	\$ 66,298,193	\$ 67,537,157	\$ 68,853,997
Restricted	718,053	875,222	1,589,750	3,397,498	3,428,961	3,981,049	2,919,426	3,679,450	3,226,677	3,961,033
Unrestricted (deficit)	5,905,342	2,893,086	2,206,259	(274,861)	19,141	1,002,500	949,902	817,724	(13,068,657)	(13,124,793)
Total governmental activities net position	<u>\$ 67,056,455</u>	<u>\$ 67,063,547</u>	<u>\$ 67,585,063</u>	<u>\$ 67,103,520</u>	<u>\$ 67,689,396</u>	<u>\$ 69,402,090</u>	<u>\$ 70,134,336</u>	<u>\$ 70,795,367</u>	<u>\$ 57,695,177</u>	<u>\$ 59,690,237</u>
Business-type activities										
Net investment in capital assets	\$ 1,687	\$ 1,428	\$ 1,168	\$ 15,104	\$ 13,310	\$ 11,516	\$ 9,721	\$ 8,057	\$ 25,609	\$ 22,065
Unrestricted	1,430	2,009	1,310	18,203	20,700	45,167	59,931	58,037	90,919	146,033
Total business-type activities net position	<u>\$ 3,117</u>	<u>\$ 3,437</u>	<u>\$ 2,478</u>	<u>\$ 33,307</u>	<u>\$ 34,010</u>	<u>\$ 56,683</u>	<u>\$ 69,652</u>	<u>\$ 66,094</u>	<u>\$ 116,528</u>	<u>\$ 168,098</u>
District-wide										
Net investment in capital assets	\$ 60,434,747	\$ 63,296,667	\$ 63,790,222	\$ 63,995,987	\$ 64,254,604	\$ 64,430,057	\$ 66,274,729	\$ 66,306,250	\$ 67,562,766	\$ 68,876,062
Restricted	718,053	875,222	1,589,750	3,397,498	3,428,961	3,981,049	2,919,426	3,679,450	3,226,677	3,961,033
Unrestricted (deficit)	5,906,772	2,895,095	2,207,569	(256,658)	39,841	1,047,667	1,009,833	875,761	(12,977,738)	(12,978,760)
Total district net position	<u>\$ 67,059,572</u>	<u>\$ 67,066,984</u>	<u>\$ 67,587,541</u>	<u>\$ 67,136,827</u>	<u>\$ 67,723,406</u>	<u>\$ 69,458,773</u>	<u>\$ 70,203,988</u>	<u>\$ 70,861,461</u>	<u>\$ 57,811,705</u>	<u>\$ 59,858,335</u>

Source: CAFR Schedule A-1 and District records.

GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$13,633,671. This amount is not reflected in the June 30, 2014 Net Position above.

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

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities										
Instruction										
Regular	\$ 10,307,538	\$ 9,948,028	\$ 8,270,558	\$ 8,456,946	\$ 7,922,226	\$ 7,776,472	\$ 7,801,676	\$ 7,850,116	\$ 8,112,328	\$ 7,118,689
Other special instruction	205,640	191,623	162,138	171,658	163,490	156,056	151,288	165,193	196,553	177,318
Vocational	13,082,690	12,583,189	11,254,516	10,983,617	10,566,743	11,029,468	11,573,325	10,993,634	11,231,490	10,923,054
Other instruction	974,667	868,378	764,677	730,939	628,912	570,248	540,165	538,214	545,128	516,872
Support Services:										
Support services - students & instruction	6,636,688	6,509,940	5,841,283	6,130,209	5,662,462	5,700,459	5,839,958	5,272,776	5,606,792	5,248,588
School administrative services	4,507,749	1,603,265	3,883,373	3,820,950	3,875,926	3,362,272	3,849,331	3,680,418	3,827,102	3,401,818
General administrative services	1,655,094	4,383,951	1,399,392	1,422,230	1,376,369	1,392,144	1,337,274	1,464,722	1,215,050	1,372,741
Plant operations and maintenance	9,006,236	8,833,953	8,419,669	8,087,010	7,769,241	7,977,047	7,150,030	7,507,535	7,457,307	6,793,819
Pupil transportation	182,001	183,989	158,097	150,246	97,885	89,482	94,530	130,297	140,779	179,890
Other Support Services	2,486,937	2,099,542	1,913,408	1,885,153	1,795,036	1,782,884	1,805,929	1,654,516	1,720,977	1,595,052
Special Schools	2,254,297	2,210,559	1,898,010	2,070,029	2,168,539	2,224,705	2,981,975	2,981,500	3,224,744	3,166,393
Interest Expense	286,471	53,756								
Unallocated depreciation	2,215,122	2,135,750	2,135,093	2,002,468	1,883,850	1,843,699	1,784,089	1,750,417	1,685,219	1,607,034
Total governmental activities expenses	\$ 53,801,130	\$ 51,607,923	\$ 46,100,214	\$ 45,911,455	\$ 43,910,679	\$ 43,904,936	\$ 44,909,570	\$ 43,989,338	\$ 44,963,469	\$ 42,101,268
Business-type activities:										
Food service	651,573	642,294	682,670	682,939	606,486	604,450	622,131	637,771	680,915	735,140
Total business-type activities expense	\$ 651,573	\$ 642,294	\$ 682,670	\$ 682,939	\$ 606,486	\$ 604,450	\$ 622,131	\$ 637,771	\$ 680,915	\$ 735,140
Total district expenses	\$ 54,452,703	\$ 52,250,217	\$ 46,782,884	\$ 46,594,394	\$ 44,517,165	\$ 44,509,386	\$ 45,531,701	\$ 44,627,109	\$ 45,644,384	\$ 42,836,408
Program Revenues										
Governmental activities:										
Operating grants and contributions	\$ 2,084,888	\$ 2,089,246	\$ 1,603,173	\$ 1,787,651	\$ 1,949,498	\$ 2,317,745	\$ 2,050,912	\$ 1,851,052	\$ 3,424,531	\$ 3,427,506
Capital grants and contributions	729,817	97,659								-
Total governmental activities program revenues	\$ 2,814,705	\$ 2,186,905	\$ 1,603,173	\$ 1,787,651	\$ 1,949,498	\$ 2,317,745	\$ 2,050,912	\$ 1,851,052	\$ 3,424,531	\$ 3,427,506
Business-type activities:										
Charges for services:										
Food service	251,358	239,175	230,385	252,010	257,829	249,210	279,717	306,485	347,080	354,339
Operating grants and contributions	451,785	453,553	448,727	422,879	371,330	349,404	373,048	321,196	289,678	290,170
Total business-type activities program revenues	\$ 703,143	\$ 692,728	\$ 679,112	\$ 674,889	\$ 629,159	\$ 598,614	\$ 652,765	\$ 627,681	\$ 636,758	\$ 644,509
Total district program revenues	\$ 3,517,848	\$ 2,879,633	\$ 2,282,285	\$ 2,462,540	\$ 2,578,657	\$ 2,916,359	\$ 2,703,677	\$ 2,478,733	\$ 4,061,289	\$ 4,072,015
Net (Expense)/Revenue										
Governmental activities	\$ (50,986,425)	\$ (49,421,018)	\$ (44,497,041)	\$ (44,123,804)	\$ (41,961,181)	\$ (41,587,191)	\$ (42,858,658)	\$ (42,138,286)	\$ (41,538,938)	\$ (38,673,762)
Business-type activities	51,570	50,434	(3,558)	(8,050)	22,673	(5,836)	30,634	(10,090)	(44,157)	(90,631)
Total district-wide net expense	\$ (50,934,855)	\$ (49,370,584)	\$ (44,500,599)	\$ (44,131,854)	\$ (41,938,508)	\$ (41,593,027)	\$ (42,828,024)	\$ (42,148,376)	\$ (41,583,095)	\$ (38,764,393)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 24,990,260	\$ 24,435,550	\$ 23,813,430	\$ 23,314,842	\$ 23,314,842	\$ 23,314,842	\$ 22,751,798	\$ 25,581,630	\$ 25,055,654	\$ 24,483,808
Unrestricted grants and contributions	23,466,398	21,160,476	16,832,840	17,132,804	15,990,034	14,655,266	15,569,023	15,882,869	15,033,772	12,584,268
County capital contribution	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000			
Tuition received	714,812	624,349	707,455	695,788	697,332	667,574	609,807	667,554	700,438	727,864
Investment earnings	461	190			628	4,942	18,070	54,631	280,195	464,981
Miscellaneous income	709,554	633,934	704,347	612,616	571,039	436,942	570,721	540,282	554,126	720,016
Disposition of capital assets								(58,664)	(35,655)	1,462,400
Other financing (uses)							(142,304)			
Transfers						(6,500)		(8,500)	(42,500)	(89,000)
Total governmental activities	\$ 29,981,485	\$ 29,954,499	\$ 29,958,072	\$ 29,956,050	\$ 29,973,875	\$ 29,973,066	\$ 29,977,115	\$ 29,965,802	\$ 29,956,030	\$ 29,935,337
Business-type activities:										
Investment earnings						39	195	631	1,977	1,448
Miscellaneous income				21,019						
Transfers						6,500	8,500	42,500	89,000	
Total business-type activities	-	-	-	21,019	-	6,539	195	9,131	44,477	90,448
Total district-wide	\$ 29,981,485	\$ 29,954,499	\$ 29,958,072	\$ 29,977,069	\$ 29,973,875	\$ 29,979,605	\$ 29,986,933	\$ 29,965,933	\$ 29,950,507	\$ 29,935,785
Change in Net Position										
Governmental activities	\$ 1,995,060	\$ 533,481	\$ 661,031	\$ 732,246	\$ 1,712,694	\$ 585,875	\$ (481,543)	\$ 521,516	\$ 7,092	\$ 1,680,575
Business-type activities	51,570	50,434	(3,558)	12,969	22,673	703	30,829	(959)	320	(183)
Total district	\$ 2,046,630	\$ 583,915	\$ 657,473	\$ 745,215	\$ 1,735,367	\$ 586,578	\$ (450,714)	\$ 520,557	\$ 7,412	\$ 1,680,392

Source: CAFR Schedule A-2 and District records.
GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 4,963,350	\$ 3,172,252	\$ 4,119,714	\$ 1,218,201						
Unreserved	3,403,288	2,984,118	1,978,485	1,577,795						
Restricted for					\$ 100	\$ 100	\$ 100	\$ 69,078	\$ 158,427	\$ 781,719
Assigned to					1,590,769	2,006,688	1,947,838	1,427,509	1,323,177	1,773,950
Unassigned					590,989	858,781	757,059	1,010,338	1,018,391	982,681
Total general fund	<u>\$ 8,366,638</u>	<u>\$ 6,156,370</u>	<u>\$ 6,098,199</u>	<u>\$ 2,795,996</u>	<u>\$ 2,181,858</u>	<u>\$ 2,865,569</u>	<u>\$ 2,704,997</u>	<u>\$ 2,506,925</u>	<u>\$ 2,499,995</u>	<u>\$ 3,538,350</u>
All Other Governmental Funds										
Reserved	\$ 435,830			\$ 2,139,326						
Unreserved, reported in:										
Special revenue fund	(36,957)	\$ (61,077)								
Capital projects fund	142,441	162,331	\$ 142,304	523,517						
Restricted for:										
Capital Projects Fund					\$ 3,428,861	\$ 3,980,949	\$ 2,919,326	\$ 3,610,372	\$ 11,861,372	\$ 5,748,796
Total all other governmental funds	<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>	<u>\$ 2,919,326</u>	<u>\$ 3,610,372</u>	<u>\$ 11,861,372</u>	<u>\$ 5,748,796</u>
Total Fund Balances	<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>	<u>\$ 5,624,323</u>	<u>\$ 6,117,297</u>	<u>\$ 14,361,367</u>	<u>\$ 9,287,146</u>

Source: CAFR Schedule B-1 and District records.

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,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Tax levy and county capital contribution	\$ 28,090,260	\$ 27,535,550	\$ 26,913,430	\$ 26,414,842	\$ 26,414,842	\$ 26,414,842	\$ 25,751,798	\$ 25,581,630	\$ 25,055,654	\$ 24,483,808
Tuition charges	714,812	624,349	707,455	695,788	697,332	667,574	609,807	667,554	700,438	727,864
Interest earnings	461	190		-	628	4,942	18,070	54,631	280,195	464,981
Miscellaneous	709,554	633,933	737,638	695,899	855,068	714,085	833,290	799,370	816,810	2,412,568
State sources	18,653,456	17,179,597	16,524,779	17,035,451	15,386,571	14,474,782	13,220,937	15,446,892	16,443,563	13,876,941
Federal sources	2,315,468	2,143,154	1,741,201	1,618,021	2,268,932	2,221,086	4,136,429	2,027,941	1,752,056	1,962,281
Total revenue	50,484,011	48,116,773	46,624,503	46,460,001	45,623,373	44,497,311	44,570,331	44,578,018	45,048,716	43,928,443
Expenditures										
Instruction										
Regular instruction	6,140,186	6,178,520	5,809,370	5,896,677	5,681,845	5,776,683	5,727,954	5,933,943	5,746,230	8,479,097
Other special instruction	117,509	114,223	111,567	115,830	113,345	110,833	109,039	127,299	141,137	141,423
Vocational education instruction	8,084,533	8,213,995	8,072,835	7,788,033	7,631,425	8,005,312	8,520,272	8,213,759	8,127,890	5,075,560
Other instruction	623,385	581,921	576,153	541,036	466,510	436,270	410,384	423,088	405,006	410,434
Support Services:										
Student & instruction related services	4,064,384	4,076,121	4,167,061	4,327,023	4,148,636	4,266,863	4,445,912	3,999,437	4,090,786	4,108,515
General administration	1,205,343	1,180,438	1,134,988	1,151,125	1,143,568	1,176,211	1,149,300	1,273,566	972,474	1,084,315
School administrative services	2,594,880	2,618,894	2,621,641	2,561,962	2,663,714	2,308,088	2,748,779	2,519,935	2,458,561	2,311,588
Plant operations and maintenance	6,780,044	6,748,295	7,014,912	6,630,454	6,459,037	6,714,794	6,054,915	6,567,315	6,305,579	6,001,803
Pupil transportation	182,001	183,989	158,097	150,246	97,885	89,482	94,530	130,297	140,779	179,890
Other support services	1,528,945	1,409,313	1,346,551	1,328,131	1,308,929	1,339,052	1,376,465	1,280,310	1,231,422	1,234,015
Employee benefits	12,366,833	11,823,832	10,954,986	11,294,910	10,358,244	9,637,522	9,724,128	8,864,110	10,434,131	8,428,271
Capital outlay	10,562,048	6,678,510	2,954,528	4,618,288	2,761,179	2,850,713	2,660,332	3,009,372	5,326,106	2,632,424
Special schools	1,308,141	1,364,652	1,345,582	1,462,181	1,553,257	1,627,108	2,187,681	2,244,208	2,276,443	2,307,897
Total expenditures	55,558,232	51,172,703	46,268,271	47,865,896	44,387,574	44,338,931	45,209,691	44,586,639	47,656,544	42,395,232
(Deficiency) Excess of revenues (under) over expenditures	(5,074,221)	(3,055,930)	356,232	(1,405,895)	1,235,799	158,380	(639,360)	(8,621)	(2,607,828)	1,533,211
Other Financing sources (uses)										
Insurance recovery related to other costs of Super Storm Sandy			136,742	183,700						
Lease purchase proceeds		11,300,000								
Transfers out						(6,500)	(142,304)	(8,500)	(42,500)	(89,000)
Total other financing sources (uses)	-	11,300,000	136,742	183,700	-	(6,500)	(142,304)	(8,500)	(42,500)	(89,000)
Net change in fund balances	\$ (5,074,221)	\$ 8,244,070	\$ 492,974	\$ (1,222,195)	\$ 1,235,799	\$ 151,880	\$ (781,664)	\$ (17,121)	\$ (2,650,328)	\$ 1,444,211
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)**

<u>Fiscal Year Ended June 30,</u>	<u>Sale of Materials</u>	<u>Registration Fees</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Sale of Obsolete Equipment</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
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
2013	37,592	322,456	20,274	2,493	\$ 46,101		428,916
2014	29,328	375,634	16,988	4,491	13,070	128,094	567,605
2015	30,433	362,138	18,820	2,944	27,610	32,151	474,096
2016	45,328	393,943	14,213	17,626	35,528	21,813	528,451

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
2007	779,830	\$ 44,075,211,770	\$ 56,519	3.8%
2008	785,324	37,890,312,352	48,248	5.0%
2009	790,738	36,238,731,802	45,829	8.7%
2010	811,249	37,781,488,428	46,572	8.7%
2011	817,516	39,962,634,628	48,883	8.4%
2012	824,638	41,447,130,518	50,261	8.5%
2013	831,107	41,777,255,569	50,267	7.4%
2014	837,339	43,948,574,754	52,486	6.0%
2015	840,900	N/A	N/A	5.0%
2016	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 2013 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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	74	76	75	77	77	77	79	82	86	81
Vocational	130	101	99	93	86	84	87	88	88	84
Support Services:										
Student & instruction related services	54	52	50	53	49	49	53	54	52	52
General administration	18	5	4	4	6	6	6	6	6	6
School administrative services	43	39	39	40	33	38	32	34	34	32
Central services	9	12	13	13	12	11	11	11	11	11
Administrative Information Technology	8	7	7	6	5	6	6	6	6	6
Plant operations and maintenance	43	49	48	50	47	48	48	48	49	49
Other support services	7									
Special Schools	19	19	19	19	19	18	16	15	15	15
Total	<u>405</u>	<u>360</u>	<u>354</u>	<u>355</u>	<u>334</u>	<u>337</u>	<u>338</u>	<u>344</u>	<u>347</u>	<u>336</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				
2007	2,226.0	\$ 39,762,808	\$ 17,863	-12.31%	254	N/A	N/A	1:8.2	2,181.5	2,137.9	9.96%	98.00%
2008	2,333.0	42,330,438	18,144	1.57%	228	N/A	N/A	1:9.4	2,106.6	1,985.8	-7.11%	94.30%
2009	2,276.5	41,577,267	18,264	0.66%	224	N/A	N/A	1:10.1	2,063.3	1,966.2	-0.99%	95.30%
2010	2,448.5	42,549,359	17,378	-4.85%	221	N/A	N/A	1:11.1	2,419.1	2,317.4	17.86%	95.80%
2011	2,293.5	41,488,218	18,089	4.10%	208	N/A	N/A	1:11	2,048.6	1,917.0	-17.28%	93.60%
2012	2,279.5	41,626,395	18,261	0.95%	204	N/A	N/A	1:11.2	2,001.7	1,875.9	-2.14%	93.70%
2013	2,321.0	43,247,608	18,633	2.04%	221	N/A	N/A	1:10.5	2,046.1	1,923.4	2.53%	94.00%
2014	2,436.0	43,313,743	17,781	-4.58%	222	N/A	N/A	1:11	1,983.3	1,856.1	-3.50%	93.59%
2015	2,441.5	44,494,193	18,224	2.49%	228	N/A	N/A	1:11	1,980.7	1,850.7	-0.29%	94.14%
2016	2,530.5	44,996,184	17,782	-2.43%	221	N/A	N/A	1:11	2,089.7	1,958.2	5.81%	93.71%

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**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
High School										
Perth Amboy - New (2004)										
Square Feet	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000
Capacity (students)	442	442	442	442	442	442	442	442	442	442
Enrollment	347	383	354	361	300	295	299	298	294	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	284	233	194	204	224	182	252	272	292	315
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	834	788	748	684	645	616	651	665	679	708
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	852	787	829	586	573	510	570	618	602	610
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	142	143	152	150	154	156	161	167	167	166

Number of Schools at June 30, 2016
Senior High School = 5

Source: District Facilities Office

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

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

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

11-000-261-xxx

	Perth Amboy New	Woodbridge	East Brunswick	Piscataway	Academy	Total
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
2013	215,613	121,421	565,391	317,535	42,536	1,262,496
2014	197,527	140,475	507,190	573,754	62,784	1,481,730
2015	202,987	125,611	343,924	334,754	55,076	1,062,352
2016	204,369	68,665	362,773	394,418	71,289	1,101,514
Total School Facilities	<u>\$ 1,916,987</u>	<u>\$ 1,257,729</u>	<u>\$ 3,875,023</u>	<u>\$ 3,084,368</u>	<u>\$ 490,692</u>	<u>\$ 10,624,799</u>

Source: District records
School facilities as defined under EFCFA.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Insurance Schedule
Year Ended June 30, 2016
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	\$ 400,000,000	\$ 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
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	11,000,000 Coverage	15,000
5) Environmental Impairment - NJ School Boards Assoc. Ins. Group	1,000,000 Coverage	25,000
6) Nurses Liability - Evanston Insurance	1,000,000 Per medical incident	1,000
	3,000,000 Annual aggregate	1,000
7) Fidelity Bonds	275,000 Business Adm./Board Secretary	
	275,000 Treasurer	
8) Workers Compensation NJ School Boards Assoc. Ins. Group	2,000,000 Each Accident	
	2,000,000 Aggregate Limit	
9) Excess workers comp - Markel Insurance Company	100,000 Aggregate Limit	
10) Excess weekly indemnity - Markel Insurance Company - supplemental W/C	2,500 per week	

Source: District Records

Single Audit Section

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Middlesex County Vocational and Technical High Schools, in the County of Middlesex, New Jersey (the “District”) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 2, 2016.

Internal Control Over Financial Reporting

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

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

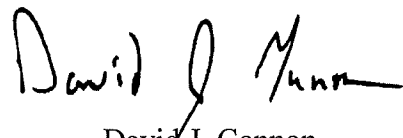
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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



David J. Gannon
Licensed Public School Accountant
No. 2305



WISS & COMPANY, LLP

December 2, 2016
Livingston, New Jersey

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Middlesex County Vocational and Technical High Schools', in the County of Middlesex, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2016. 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.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of*

Federal Grants, State Grants and State Aid. Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

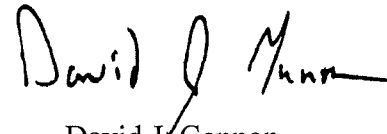
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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



David J. Gannon
Licensed Public School Accountant
No. 2305



WISS & COMPANY, LLP

December 2, 2016
Livingston, 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, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2015	Carryover Amount	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	(Accounts Receivable) at June 30, 2016	Unearned Revenue at June 30, 2016	Due to Grantor at June 30, 2016
U.S. Department of Education													
Passed-Through State Department of Education:													
Medical Assistance Program	93.778	1605NJ5MAP	7/1/15-6/30/16	\$ 47,602				\$ 44,707	\$ (47,602)		\$ (2,895)		
Medical Assistance Program	93.778	1605NJ5MAP	7/1/15-6/30/16	4,410				4,410	(4,410)				
Total General Fund								49,117	(52,012)		(2,895)		
U.S. Department of Education													
Passed-Through State Department of Education:													
Title I	84.010A	S010A150030	7/1/15-6/30/16	592,375				396,799	(545,593)		(148,794)		
Title I	84.010A	S010A150030	7/1/14-6/30/15	633,527	\$ (176,036)			176,036					
Title II - A	84.367	S367A150029	7/1/15-6/30/16	136,297				58,260	(92,277)		(34,017)		
Title II - A	84.367	S367A150029	7/1/14-6/30/15	77,178	(22,942)			22,942					
I.D.E.A. Part B	84.027	S027A150100	7/1/15-6/30/16	664,260				483,414	(664,260)		(180,846)		
I.D.E.A. Part B	84.027	S027A150100	7/1/14-6/30/15	641,369	(171,990)			171,990					
Carl Perkins - Entitlement Federal	84.048	S048A140030	7/1/15-6/30/16	595,049				509,572	(595,049)		(85,477)		
Carl Perkins - Entitlement Reserve	84.048	S048A140030	7/1/15-6/30/16	65,679				65,679	(65,679)				
Carl Perkins - Entitlement Federal	84.048	S048A140030	7/1/14-6/30/15	759,065	(76,288)			76,288					
Race to the Top Phase 3 (RTT3)	84.413A	S413A120008	9/1/11-11/30/15	29,795	(21,499)			21,601	(102)				
Ed Connect	84.000	Not available	2/1/15-11/30/15	49,998	(1,309)			49,946	(48,637)				
Hazard Mitigation	97.039	Not available	1/13/15-1/13/18	250,000							(250,000)		
U.S. Department of Health and Human Services													
Passed - Through State Department of Health													
Sustainable NJ - funded by Maternal and Child Health Services Title V Block Grant	93.994	Not available	7/1/15-6/30/16	4,000				4,000	(1,859)				\$ 2,141
Total Special Revenue Fund					(470,064)			2,036,527	(2,263,456)		(699,134)		2,141
U.S. Department of Agriculture													
Passed - Through State Department of Education:													
Food Donation Program (NC)	10.555	16161NJ304N1099	7/1/15-6/30/16	27,045				27,045	(27,045)				
National School Lunch Program	10.555	16161NJ304N1099	7/1/15-6/30/16	309,251				284,720	(309,251)		(24,531)		
National School Lunch Program	10.555	16161NJ304N1099	7/1/14-6/30/15	311,538	(24,573)			24,573					
Federal PB Lunch - Healthy Hunger - Free Kids Act of 2010	10.555	16161NJ304N1099	7/1/15-6/30/16	8,356				7,696	(8,356)		(660)		
Federal PB Lunch - Healthy Hunger - Free Kids Act of 2010	10.555	16161NJ304N1099	7/1/14-6/30/15	8,183	(645)			645					
School Breakfast Program	10.553	16161NJ304N1099	7/1/15-6/30/16	100,093				90,991	(100,093)		(9,102)		
School Breakfast Program	10.553	16161NJ304N1099	7/1/14-6/30/15	101,124	(9,495)			9,495					
Total Enterprise Fund					(34,713)			445,165	(444,745)		(34,293)		
Total Federal Awards					\$ (504,777)	\$ -	\$ -	\$ 2,530,809	\$ (2,760,213)	\$ -	\$ (736,322)	\$ -	\$ 2,141

NC - represents noncash expenditures

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

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

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2016

State Grantor Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015			Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Year's Balances	Balance at June 30, 2016			MEMO	
				Unearned Rev/ (Accts. Rec)	Due to Grantor	Carryover Amount				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 11,911,557				\$ 10,729,296	\$ (11,911,557)				\$ (1,182,261)	\$ (11,911,557)	
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	1,135,471				1,022,772	(1,135,471)				(112,699)	(1,135,471)	
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	100,064				90,132	(100,064)				(9,932)	(100,064)	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	20,160				18,159	(20,160)				(2,001)	(20,160)	
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	20,160				18,159	(20,160)				(2,001)	(20,160)	
Adult and Post-Graduate Program Aid	16-100-034-5120-510	7/1/15-6/30/16	314,896				283,392	(314,896)				(31,504)	(314,896)	
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	11,911,557	\$ (1,182,261)			1,182,261							
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	1,135,471	(112,699)			1,135,471							
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	100,064	(9,932)			9,932							
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	20,160	(2,001)			2,001							
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	20,160	(2,001)			2,001							
TPAF Social Security Aid	16-495-034-5095-003	7/1/15-6/30/16	1,273,751				1,212,886	(1,273,751)		\$ (60,865)			(1,273,751)	
TPAF Social Security Aid	15-495-034-5095-003	7/1/14-6/30/15	1,290,293	(62,072)			62,072							
On-Behalf TPAF Contributions:														
Pension Benefit Contributions	16-495-034-5095-004	7/1/15-6/30/16	1,377,601				1,377,601	(1,377,601)					(1,377,601)	
Post Retirement Medical Contribution	16-495-034-5095-001	7/1/15-6/30/16	1,640,342				1,640,342	(1,640,342)					(1,640,342)	
Total General Fund				<u>(1,370,966)</u>			<u>17,763,705</u>	<u>(17,794,002)</u>		<u>(60,865)</u>		<u>(1,340,398)</u>	<u>(17,794,002)</u>	
Vocational Education-Apprentice Coordinator	16-100-034-5062-032	7/1/15-6/30/16	24,500				15,862	(24,415)		(8,553)			(24,415)	
Vocational Education-Apprentice Coordinator	15-100-034-5062-032	7/1/14-6/30/15	24,500	(9,284)			9,284							
Vocational Education-Carl Perkins Post-Secondary	16-100-034-5062-032	7/1/15-6/30/16	136,726				136,726	(136,726)					(136,726)	
PAARC Assessment Assistance for Secondary Education	Not available	7/1/14-6/30/15	20,000	(20,000)			20,000							
Coordinated School Health System Program	Not available	9/1/14-6/30/15	12,000		\$ 92				\$ 92					
Total Special Revenue Fund				<u>(29,284)</u>	<u>92</u>		<u>181,872</u>	<u>(161,141)</u>		<u>92</u>		<u>(8,553)</u>	<u>(161,141)</u>	
Addt. State School Bldg Aid-SDA Grant	03-495-034-5120-016	7/1/02-present	2,340,000	(93,701)							(93,701)		(2,213,801)	
Addt. State School Bldg Aid-SDA Grant		7/1/04-present	1,412,532	(97,659)				(729,817)			(827,476)		(729,817)	
Total Capital Projects Fund				<u>(191,360)</u>				<u>(729,817)</u>			<u>(921,177)</u>		<u>(2,213,801)</u>	
National School Lunch Program (State Share)	16-100-010-3350-023	7/1/15-6/30/16	7,040				6,484	(7,040)		(556)			(7,040)	
National School Lunch Program (State Share)	15-100-010-3350-023	7/1/14-6/30/15	7,204	(761)			761							
Total Enterprise Fund				<u>(761)</u>			<u>7,245</u>	<u>(7,040)</u>		<u>(556)</u>			<u>(7,040)</u>	
Total State Financial Assistance				<u>\$ (1,592,371)</u>	<u>\$ 92</u>	<u>\$ -</u>	<u>\$ 17,952,822</u>	<u>\$ (18,692,000)</u>	<u>\$ 92</u>	<u>\$ (991,151)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,340,398)</u>	<u>\$ (20,175,984)</u>
State Financial Assistance Not Subject to Single Audit Determination														
General Fund														
On-Behalf TPAF Contributions:														
Pension Benefit Contributions	16-495-034-5095-006	7/1/15-6/30/16	1,377,601				1,377,601	1,377,601					1,377,601	
Post Retirement Medical Contribution	16-495-034-5095-001	7/1/15-6/30/16	1,640,342				1,640,342	1,640,342					1,640,342	
Total State Financial Assistance Subject to Single Audit Determination				<u>\$ (1,592,371)</u>	<u>\$ 92</u>	<u>\$ -</u>	<u>\$ 14,934,879</u>	<u>\$ (15,674,057)</u>	<u>\$ 92</u>	<u>\$ (991,151)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,340,398)</u>	<u>\$ (17,158,041)</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
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Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2016

1. General

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

2. Basis of Accounting

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

3. Relationship to Basic Financial Statements

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

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

The Board of Education of the Vocational and Technical High Schools County of
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Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2016

3. Relationship to Basic Financial Statements (continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 52,012	\$ 17,762,498	\$ 17,814,510
Special Revenue Fund	2,263,456	161,141	2,424,597
Capital Projects Fund		729,817	729,817
Food Service Enterprise Fund	444,745	7,040	451,785
Total financial award revenues	<u>\$ 2,760,213</u>	<u>\$ 18,660,496</u>	<u>\$ 21,420,709</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 of USDA commodities received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2016.

The Board of Education of the Vocational and Technical High Schools County of
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Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2016

5. Other (continued)

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2016 amounted to \$3,017,943. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, as directed by the funding agency.

6. Indirect Costs

The District did not use the 10% de minimis indirect cost rate.

The Board of Education of the Vocational and Technical High Schools County of
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Schedule of Findings and Questioned Costs

Year ended June 30, 2016

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? Yes √ No

Are any significant deficiencies identified? Yes √ None Reported

Is any noncompliance material to financial statements noted? Yes √ No

Federal Awards Section

Internal control over major federal programs:

Are any material weaknesses identified? Yes √ No

Are any significant deficiencies identified? Yes √ None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes √ No

Identification of major federal programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.048	S048A140030	Career and Technical Education – Basic Grants (Perkins)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? √ Yes No

The Board of Education of the Vocational and Technical High Schools County of
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Schedule of Findings and Questioned Costs

Year ended June 30, 2016

Part II – Schedule of 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
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Schedule of Findings and Questioned Costs

Year ended June 30, 2016

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

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

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, 2016

No prior year findings were noted.