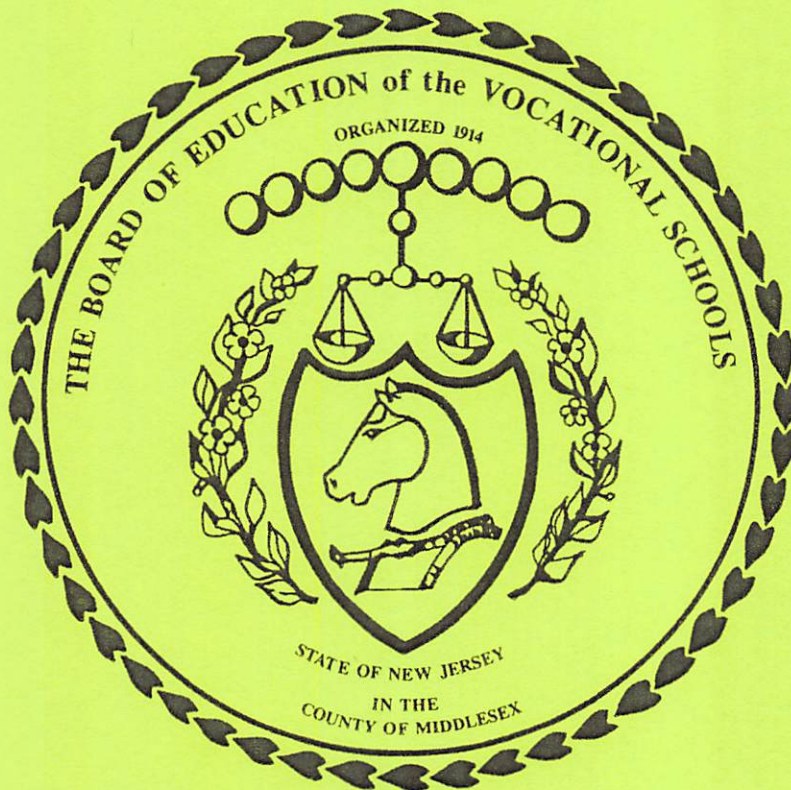


MIDDLESEX COUNTY VOCATIONAL AND TECHNICAL HIGH SCHOOLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018



**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, 2018

**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

Eugene J. Mullen III, President

Dianne D. Veilleux, Superintendent

February 7, 2019

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, 2018, 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.

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 2017-18 fiscal year with an enrollment of 2,525 students.

Campuses located at:

Edison East Brunswick Perth Amboy Piscataway Woodbridge



(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 in the current state economic condition, indicators suggest the situation is not 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.

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 retains its ranking as the second most populous county in the state.

(3) Major Initiatives.

The development of new and the upgrade of existing career and technical programs continue to be at the forefront of all the District's initiatives. The combination of research, curriculum development, and capital planning has become the foundation for the introduction of new programs throughout the district. Recent program additions including advanced manufacturing, global logistics, multi-media and arts technology continue to be a success with waiting lists for most programs. In an effort to promote collaboration between our career technical programs, a plan was advanced to add a maker space at the East Brunswick Campus. Maker spaces offer resources like 3D printers, software, electronics, vinyl cutters, and other hardware with the idea of providing a communal creative space. Our maker space project included the renovation of the East Brunswick media center. The new space maintains individual and group work areas, an equipment room, a meeting room for group collaboration, and study areas. Laptop computers, large screen monitors, digital projectors are all available for staff and student use. As construction comes to an end it is anticipated that the space will be available for use in the current school year. Through capital funding and Carl Perkins grant funding we also continue to upgrade shop equipment. It is always our objective to train student on current technologies and state of the art equipment.

Careers in the health care industry continues to be a major focus of the district's initiatives. We continue to update curriculum and facilities in all of our programs. A new science lab was renovated for the beginning of the 2017-18 school year at our Allied Health Academy in Woodbridge. In September we have already added a new CNA training and certification to the popular Health Careers program that was launched at the Piscataway Campus during the 2017-18 school year. Finally in East Brunswick we renovated a large space to create a new health classroom for the Health Services students. The classroom provides students a lecture area as well as lab environment where they can get hands on experience through the use of equipment and medical mannequins.

Our commitment to technology has remained steadfast as we make advances throughout the District. In addition to updating the District's website, we implemented 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 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 computer based projection systems and large screen monitors supported with document cameras and tablets have significantly enhanced our instructional efforts in the classroom. We also continue to expand the chrome book inventory at all of our campuses. Because of their reasonable cost, the district can be more efficient with regard to getting technology into the hands of the students. The devices provide textbooks, instructional materials, and organizational software for help within the classroom

as well as access to instructional programs and resources outside the classroom to aid with homework and test preparation. Updating desktops, laptops, and software continues to be a priority in the academic areas and throughout the career and technical programs.

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 2017-18 school year we started the renovation of the science labs at the Piscataway Campus. In September 2018 we opened the new labs. We will continue our efforts during the summer of 2019. With the infusion of technology these labs have promoted a real 21st century learning environment.

Our Academy model also continues to thrive within the district. Middlesex County Vocational and Technical Schools has been successfully maintaining two Academies over the past decade. Both the Academy for Science, Mathematics, and Engineering and the Academy for Allied Health and Biomedical Sciences have been recognized as National Blue Ribbon Schools and continue to be listed by the US News and World Reports among the best high schools in the Country. This recognition of the academic success of our students along with the hard work of our teachers is a testament to the positive occurrences happening at the Academies on a daily basis. The Academies provide students with a small learning community that will focus on college preparation. Technology labs foster hands-on applied learning, while rigorous and relevant academy courses are integrated into the career majors. Some of the colleges the class of 2018 will be attending are as follows:

• Brown University	• Princeton
• Carnegie Mellon University	• Purdue University
• Columbia University	• Rutgers University
• Cornell University	• Seton Hall University
• Drexel University	• Temple University
• Harvard University	• The College of New Jersey
• John Hopkins University	• Vanderbilt University
• NJIT	• Villanova University
• Penn State 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. In September of 2018 we started a new certified program covering automotive technology. These programs offer an affordable educational alternative to adults that are looking for new career opportunities.

The practical measure of success for a career and technical 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 561 students who completed their education in 2017. Our overall percentage for job placement in 2017 was 99%. Job placement in all trades for which the students were trained was 84%. Also noteworthy is the fact that 49% of our students extended their education upon graduation from our District by enrolling in colleges and nursing schools. Graduates of the high school and special programs were employed by a total of 120 firms with 85% 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, 2018.

(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, 2018 to include the Basic Financial Statements and Management's Discussion and Analysis. The Basic Financial Statements present information on two separate sets of financial statements. The District-wide statements reflect the District's activities as a whole on the full accrual basis of accounting. The Fund financial statements present the District's activities on an individual fund basis.

(7) Cash Management.

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

(8) Risk Management (Insurance).

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

Other Information.

(A) Independent Audit

State statutes require an annual audit by independent, certified public accountants or registered municipal accountants. The accounting firm of PKF O'Connor Davies, LLP, was selected by the Board finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, as amended and the Federal Uniform Guidance and the State Treasury Circular Letter 15-08 OMB. The 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 Interact and Key Clubs at the Academy for Allied Health and Biomedical Sciences conducted a school wide food drive and collected 1,600 pounds of food. The food was donated to the St. James Food Pantry in Woodbridge. They set a school record and was the single largest donation to the food pantry by any school.
- Eleven students from Middlesex County Vocational and Technical School District were selected as 2018 National Merit Scholarship Finalists, seventeen were semi-finalists, and seventeen others were recognized and commended students.
- Middlesex County Vocational and Technical School District earned a place on the College Board's 8th Annual AP (Advanced Placement) Honor Roll.
- The Academy for Science, Mathematics and Engineering Technologies was awarded a bronze medal by the U.S. News and World Report. This was the 10th consecutive recognition by U.S. News and World Report. The Academy for Allied Health and Biomedical Sciences and the Perth Amboy Campus were also awarded a bronze medal.
- Culinary Arts students from Perth Amboy proudly participated in the City of Perth Amboy's annual Thanksgiving dinner by cooking turkeys and hams for the festivities.
- The culinary arts program on the Piscataway Campus of the Middlesex County Vocational and Technical Schools became the second public school kitchen in the nation to be certified "green" by the Green Restaurant Association in recognition of its sound environmental and sustainability practices. Last year, the culinary program on the MCVTS Perth Amboy Campus was the first. The two school kitchens also are the only restaurants certified green in Middlesex County.
- The Academy for Science, Mathematics and Engineering Technologies collected 2,000 pounds of food for the 2018 Middlesex County Emergency Food Organization and Outreach Distribution Services' (M.C.F.O.O.D.S) School Food Drive. The Academy was recognized by the freeholders as one of the top

collecting schools in the county. The East Brunswick Campus also collected 700 pounds of food bringing the District's total to 2,700 pounds for the food drive.

- Middlesex County Vocational and Technical School's Practical Nursing Program earned a 85% passing rate on the National Council Licensure Examination (NCLEX). This outstanding achievement supports the overall rigor of the practical nursing program and the dedication and commitment of an excellent 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 thirty-three ribbons including seven first place winners at the annual State FFA Horticulture Exposition and Floral Design Contest.
- Students from Academy for Allied Health and Biomedical Sciences participated in the 2018 New Jersey State HOSA Leadership conference and won a total of six medals including one gold, four silver and one bronze medals. There were also two fourth place and one fifth place. Eighteen students had qualified to participate in the National conference.
- East Brunswick, East Brunswick School of Career of Development, Perth Amboy, Piscataway, and Piscataway School of Career Development all participated in the 2017 NJ Skills USA Competition. The East Brunswick Campus won seventeen medals, two gold. Two students from the East Brunswick Campus were eligible to participate in the Nationals SkillsUSA competition. The East Brunswick Chapter was with Gold Chapter distinction, one of four in the state.
- For the seventh 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. This year their efforts were combined with the Township of East Brunswick. The event was highlighted on the local channel EBTv and News 12 NJ. They collected over 200 coats and other garments.
- Various players for various sports were named as GMC Scholar Athletes and received Sportsmanship Awards. Five players were named GMC All Gold Division for baseball. Eight players were named GMC All Gold Division for softball. The Piscataway Campus received the Gold Division Team Sportsmanship Award. Five players received the prestigious N.J.S.I.A.A Scholar Athlete Award.
- Culinary students from the East Brunswick School of Career Development participated in the New Jersey Association of Counties Cookoff and took home one gold award and one silver award.
- Numerous special project grants, which total over \$2.7 million, comprise another dimension of the awards and recognition received by the District over the 2017-18 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,

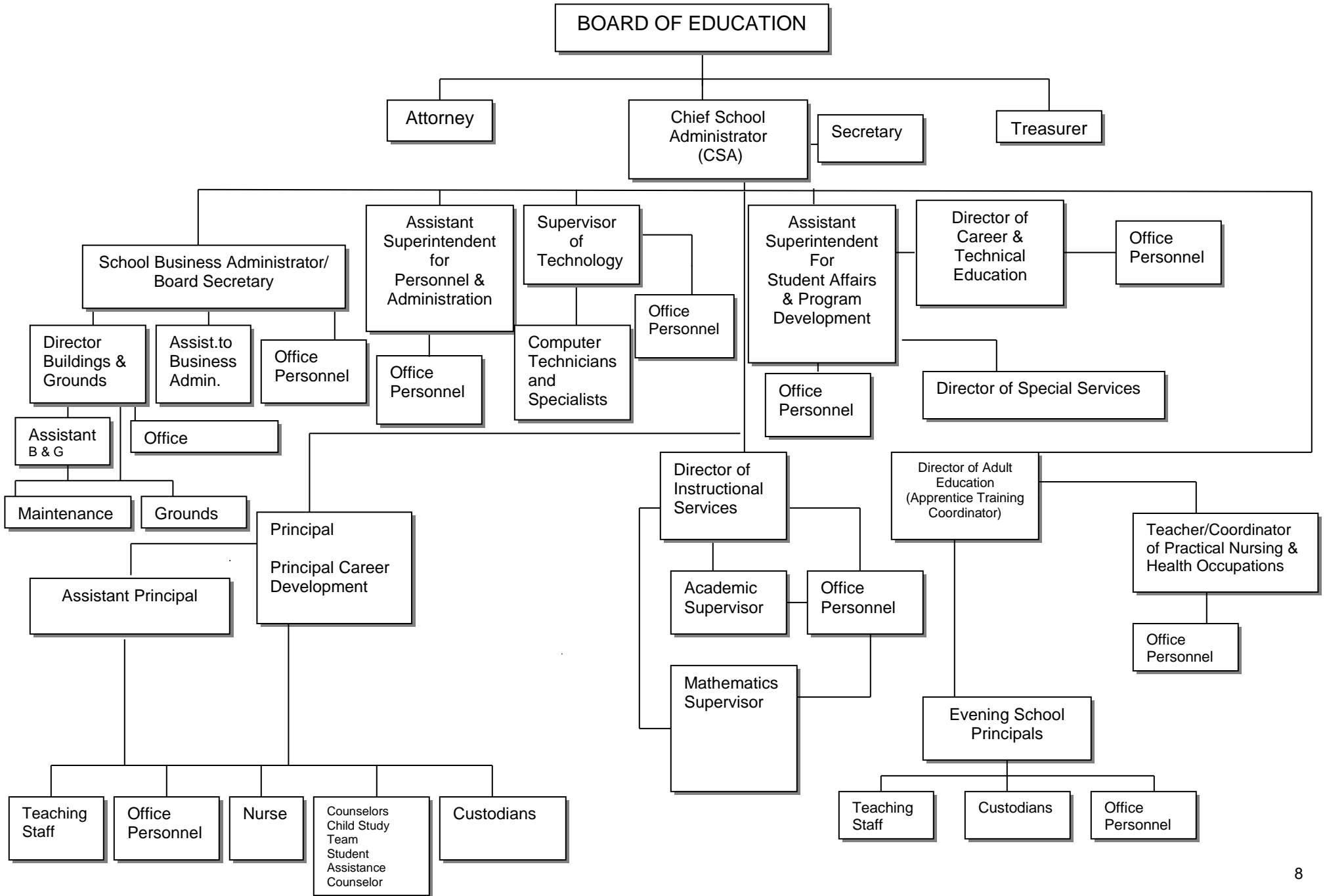


Dianne D. Veilleux
Superintendent
Administrator



Karl J. Knehr, CPA
Board Secretary/Business Administrator

**Middlesex County Vocational and Technical High Schools
ORGANIZATIONAL CHART
June 30, 2018**



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

Roster of Officials

June 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Eugene J. Mullen III, President	2021
Mrs. Gail E. Engel, Vice-President	2020
Ms. Laura Czarneski, Board Member	2019
Mr. Keith Jones II, Board Member	2018
Mr. Kyle Anderson, Acting County Superintendent of Schools	N/A

Other Officials

Ms. Dianne Veilleux, 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

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

Architects

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

Attorney

Borrus, Goldin, Foley, Vignuolo, Hyman and Stahl
2875 U.S. Highway 1
North Brunswick, New Jersey 08902

Official Depositories

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

Independent Auditors' Report

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

County of Middlesex
East Brunswick, New Jersey

Report on the 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, 2018, 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

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

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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, 2018, 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, schedule of State's proportionate share of the OPEB liability associated with the District 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.

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

Page 3

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.

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2019 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.

PKF O'Connor Davies, LLP

February 7, 2019
Cranford, New Jersey

David J. Gannon

David J. Gannon
Licensed Public School Accountant
No. 2305

Required Supplementary Information – Part I

Management's Discussion and Analysis

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

The following represents the Middlesex County Vocational and Technical High Schools’ (the “District”) discussion and analysis for fiscal year ended June 30, 2018. 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. 29-30) represent a look at government financial reporting. The intention of these statements is to provide financial information on the District as a whole rather than on an individual fund basis. This is achieved by consolidating governmental and business type activities on the same statements using the same measurement focus and basis of accounting.

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

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

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

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

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

FUND FINANCIAL STATEMENTS

The fund financial statements (pgs. 31-38) 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. 31-33) 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. 31): The total fund balances for all governmental funds are reconciled with the net position of governmental activities on the statement of net position (government-wide statement pg. 29) 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. 32) is reconciled with change in net position of governmental activities from the statement of activities (government-wide statements pg. 30) on a separate schedule (pg. 33). To reconcile to full accrual depreciation expense and compensated absences earned are removed from fund balances. Outlays for capital assets and the repayment of long-term debt are added into the change in fund balance.

Enterprise Fund: The enterprise fund statements reflect the activities of the district's business type services. Currently, the District only operates a food service fund. These statements and the

government-wide statements are kept on the same basis of accounting (full accrual) and do not require a reconciliation. The difference between the statements again is the level of detail provided. This detail enables the reader a more in-depth analysis of enterprise fund activities. The fund financial statements for the enterprise fund includes a statement of net position, statement of revenues, expenses and changes in fund net position, and a statement of cash flows. The format and information presented in these statements (pgs. 34-36) 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 37-38). 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 positions and a statement of changes in fiduciary net position 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 39-81 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 87-116 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 governmental activities as of June 30, 2018 and 2017:

	June 30, 2018 District Totals	June 30, 2017 District Totals
Current and other assets	\$ 7.7	\$ 8.5
Capital assets	81.1	79.5
Total assets	<u>88.8</u>	<u>88.0</u>
Pension Deferrals	<u>4.9</u>	<u>6.7</u>
Current and other liabilities	(1.9)	(1.6)
Long-term liabilities	(28.6)	(34.1)
Total liabilities	<u>(30.5)</u>	<u>(35.7)</u>
Pension Deferrals	<u>(3.5)</u>	<u>0.0</u>
Net position		
Invested in capital assets	71.0	69.4
Restricted	3.3	3.9
Unrestricted	<u>(14.6)</u>	<u>(14.3)</u>
Total net position	<u>\$ 59.70</u>	<u>\$ 59.00</u>

An examination of Table 1 indicates the results of operations for the 2017-2018 school year resulted in a \$0.7 million slight increase in total net position. Capital assets

increased with the completion of several new projects. Current and other assets decreased from the corresponding expenditures on capital assets. Any potential increase in net position was offset by a decrease in pension liability passed on by the state.

Table 2 offers a closer look at the \$(14.6) million in unrestricted net position:

Table 2
Unrestricted Net Position
As of
(In Millions)

Unrestricted net position from:

Encumbrances	\$	0.7
Designated in subsequent year		1.2
Unfunded compensated absences		(1.1)
Pension liability		(17.0)
Results from operations		1.6
Total		\$ (14.6)

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, 2018. These mounts are recorded in unrestricted net position and re-appropriated in next year’s budget.

Designated in subsequent year: This value represents the estimated amount of fund balance that will be needed to support the 2018-2019 budget. The annual school budget is prepared and adopted prior to the start of the new fiscal year (July 1, 2018).

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.

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

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

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

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

	June 30, 2018	June 30, 2017
Revenues:		
Program Revenues		
Federal and state grants	\$ 2.0	\$ 2.2
Capital Grants	0.2	0.2
General Revenues		
Property taxes	26.0	25.4
Federal and state aid, not restricted	32.4	26.5
County Capital Contribution	3.0	3.0
Other General Revenues	1.7	1.6
Total revenues	65.3	58.9
Functions/Program Expenses:		
Instruction		
Regular	12.2	11.6
Other special instruction	0.2	0.2
Vocational	15.7	14.4
Other instruction	1.2	1.0
Support Services		
Student and instruction related		
Services	8.2	7.4
General administrative service	1.9	1.9
School administrative services	5.9	5.4
Plant operations and maintenance	10.1	9.5
Pupil transportation	0.2	0.2
Business and other support services	3.1	2.7
Special Schools	2.6	2.4
Interest Expense	0.3	0.3
Unallocated depreciation	3.0	2.6
Total expenses	64.6	59.6
Increase (Decrease) in net Position	\$ 0.7	\$ (0.7)

During the 2017-18 fiscal year net position increased \$.7 million which was a \$1.4 million increase over the prior year's result. Both revenues and expenses increased over the prior year. Expected

increases in contractual salary and benefits were offset by increases in state aid and tax revenue. The majority of the fluctuations in revenue and expenses can be attributed to pension and postemployment medical benefit 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. During the fiscal year 2017-18 GASB No.75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions was implemented and it requires school districts to recognize the postemployment medical expenditures on the full accrual basis.

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, 2018	June 30, 2017
Program Revenues		
Charges for services	\$ 248.1	\$ 260.9
Federal and state reimbursement program	478.4	487.0
Total revenue	726.5	747.9
Functions/Programs		
Food Services	636.0	679.4
Total expenses	636.0	679.4
Increase in net position	\$ 90.5	\$ 68.5

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 cafeteria operations remain efficient and revenues continue to outpace expenditures. For the 2018 fiscal year, operating revenues decreased from a reduction in reimbursable and non-reimbursable meals sold. With less sales operating expenses decreased from 2017 with a reduction in salaries and sales cost. 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 2018 and 2017 fiscal years.

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, 2018 and increases and decreases as compared to the prior year

Revenue	Amount	Percent of Total	Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	\$ 30,623,098	58.42%	\$ 598,451	1.99%
State Sources	19,791,166	37.76	1,297,486	7.02
Federal Sources	<u>1,999,893</u>	<u>3.82</u>	<u>(106,060)</u>	<u>(5.04)</u>
Total:	<u>\$52,414,157</u>	<u>100.00%</u>	<u>\$1,789,877</u>	<u>3.97%</u>

The increase in Local Sources is reflective of an increased county tax levy.

The increase in State Sources is reflective of an increase in the non-budgeted TPAF pension from state, along with a small increase in state aid from equalization and adult education aid.

The District experienced a net decrease in federal aid due to a reduction in federal funding from the IDEA grant along with less spending on Title I and Title II grants.

(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, 2018, and the percentages of total increases and decreases as compared to the prior year.

Expenditures	Amount	Percent of Total	Increase (Decrease)	Percent of Increase (Decrease)
Current Expense:				
Instruction	\$ 14,974,996	27.99%	\$ (335,538)	(2.19)%
Undistributed Expenditures	31,840,048	59.51	1,574,161	5.20
Capital Outlay	5,413,627	10.12	103,687	1.95
Special Schools	<u>1,274,061</u>	<u>2.38</u>	<u>(35,299)</u>	<u>(2.70)</u>
Total:	<u>\$ 53,502,732</u>	<u>100.00%</u>	<u>\$1,757,011</u>	<u>2.27%</u>

Instructional expenses decreased from the prior year with breakage from retirements and a decrease in supplies purchased.

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

Capital outlay expense increase due to more projects being completed in the current year.

Special Schools decreased slightly over 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 received under budget. Actual revenue decreased over the prior year due to a drop in adult cosmetology and out of county special education enrollment despite an increase in License Practical Nursing students.
4. Miscellaneous revenue collection exceeded predictions. This was mainly due to the non-budgeted ESIP rebates.
5. Additional Equalization Aid and Adult Education Aid was 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. Transfers were made in special vocational instruction resulting from an unanticipated increase in extra duty pay.
3. Amounts budgeted for regular and vocational instruction were in excess of the resources needed mainly due to retirements and less funds needed for extra duty, which allowed for transfers to other accounts.
4. Facility maintenance including environmental remediation and security needed additional resources to properly maintain the district's buildings and infrastructure.
5. Excess amounts budgeted for electric were needed to offset an increase in demand for natural gas that was mostly weather related.
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. Additional resources were needed for unused sick payments due to many retirements and the pay out of sick days.
9. 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 on the balance sheet, the encumbrances are not reflected on schedule C-1 (pgs. 79-83), the budgetary comparison schedule.
2. Expenditures in various instructional and support salary accounts 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. Supplies for our Special Education Vocational programs were over anticipated due to a drop in demand at our Piscataway Campus.
4. There was a small surplus of funds in the electricity account due to the implantation of an energy saving improvement plan.
5. Environmental professional services with regard to our Perth Amboy Campus came in higher than expected.
6. Contracted services and supplies related to grounds and athletic fields were over anticipated as the district relied less on out sourcing.
7. Health benefits came in lower than expected due to a smaller increase in state health benefits 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, 2018, capital assets for the district totaled \$81.1 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, 2018
(In Millions)

	<u>Governmental Activities</u>
Land and site improvements	\$ 12.7
Building and building improvements	64.1
Furniture and equipment	3.5
Construction-in-progress	0.8
	<u>\$ 81.1</u>

The net investment in capital assets increased 2.0% from the prior year. That increase included depreciation expense of \$3.71 million offset by additions recorded in the amount of \$5.31 million and net of related debt of \$10.1 million. The following is the detail of those additions:

	Additions (in millions)
East Brunswick Parking Lot	\$.81
East Brunswick Roof	.70
East Brunswick Security Upgrades	.46
Piscataway Alarm System Upgrade	.11
Woodbridge Science Lab Renovations	.85
Piscataway Roof and HVAC Replacement	1.78
East Brunswick ESIP Cogen	.55
East Brunswick ESIP Solar	.51
East Brunswick ESIP HVAC and Lighting	.02
Piscataway ESIP HVAC and Lighting	.02
Construction in Progress	(1.06)
Equipment	.56
	<u>\$ 5.31</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, 2018 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. Payments are made annually to the State of New Jersey.

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 that commenced July 15, 2015 and payable January and July 15th of each 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

While the District's financial picture has improved over the past few years, some uncertainty still exists around our two major funding sources. On the state level aid did increase during the 2017-18 school year and more significantly for the 2018-19 budget. It appears that the state is focusing on providing aid based on the school funding formula that was made into law through the School Funding Reform Act of 2008. According to the current calculations we are \$4 million underfunded by the funding formula. The state has begun to address this issue with a 2018-19 aid increase. The increase came from a combination of reallocating funding from the districts that were over-funded according to the formula and an overall increase in new state funding for education. In the short term the state will continue with this method in an effort to close the gap for underfunded districts. The only question that remains is whether the state budget can support future increases as obligations to the state pension systems and retirement health benefits continue to rise. On the local level the state has imposed a cap with regard to the amounts municipal and county governments can increase local tax levies. While the cap doesn't apply to vocational districts directly, it will indirectly continue to limit any additional funding from our county funding source. The revenue cap stands currently at two percent. As health benefits cost increase at double digit rates and as contractual salary rates settle above three percent, future revenues will not keep pace with expenditures. With that in mind, New Jersey School Districts may be challenged in the near future.

An area of concern that continues to be challenging is enrollment. As we have seen the fruits of our labor with continued interest in our 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 limited resources. Sustained growth and increased efficiency will be the key to the vocational school's financial viability and overall success.

On a positive note Career and Technical Education has been embraced on both the State and National platform as part of the solution in education as we move forward. Technical education will be the backbone in keeping up with employer demand for higher level entry positions as technology replaces low end opportunities. With that in mind the New Jersey State legislature has passed a bill that would provide additional resources for vocational and technical schools to expand our programs. We are currently waiting for guidelines from the state to understand the amount of funds allocated, who these funds will be made available to, and how these funds could be spent. While there are still quite a few unknowns, the concept supports the theory that career and technical education will have a bigger role in the near future.

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, 2018.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Position
June 30, 2018**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,542,000		\$ 5,542,000
Internal balances	(340,575)	\$ 340,575	-
Accounts receivable	2,037,836	42,888	2,080,724
Other asset	1,318		1,318
Inventory		6,763	6,763
Restricted assets:			
Capital reserve account - cash	475,100		475,100
Capital assets, non-depreciable	8,139,563		8,139,563
Capital assets, depreciable, net	72,967,261	60,485	73,027,746
Total Assets	<u>88,822,503</u>	<u>450,711</u>	<u>89,273,214</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension deferrals	<u>4,840,285</u>		<u>4,840,285</u>
LIABILITIES			
Accounts payable	1,546,809	118,413	1,665,222
Accrued Interest Payable	127,248		127,248
Payable to other governments	83,193		83,193
Insurance claims payable	47,229		47,229
Other payables	17,154	3,498	20,652
Unearned revenue	71,155	1,729	72,884
Net pension liability	17,011,425		17,011,425
Noncurrent liabilities:			
Due within one year	643,182		643,182
Due beyond one year	10,929,222		10,929,222
Total liabilities	<u>30,476,617</u>	<u>123,640</u>	<u>30,600,257</u>
DEFERRED INFLOW OF RESOURCES			
Pension deferrals	<u>3,507,385</u>		<u>3,507,385</u>
NET POSITION			
Net investment in capital assets	70,995,591	60,485	71,056,076
Restricted for:			
Capital projects	2,565,803		2,565,803
Other purposes	695,113		695,113
Unrestricted	(14,577,721)	266,586	(14,311,135)
Total net position	<u>\$ 59,678,786</u>	<u>\$ 327,071</u>	<u>\$ 60,005,857</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, 2018

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	\$ 12,222,730		\$ 468,785		\$ (11,753,945)		\$ (11,753,945)
Other special instruction	234,427				(234,427)		(234,427)
Vocational	15,690,140		822,947		(14,867,193)		(14,867,193)
Other instruction	1,174,394				(1,174,394)		(1,174,394)
Support services:							
Support services	8,218,438		683,463		(7,534,975)		(7,534,975)
General administrative services	1,947,997				(1,947,997)		(1,947,997)
School administrative services	5,863,013				(5,863,013)		(5,863,013)
Plant operations and maintenance	10,112,693			\$ 252,827	(9,859,866)		(9,859,866)
Pupil transportation	184,127				(184,127)		(184,127)
Business and other support services	3,087,012				(3,087,012)		(3,087,012)
Special schools	2,633,621				(2,633,621)		(2,633,621)
Interest expense	277,874				(277,874)		(277,874)
Unallocated depreciation	2,949,643				(2,949,643)		(2,949,643)
Total governmental activities	<u>64,596,109</u>		<u>1,975,195</u>	<u>252,827</u>	<u>(62,368,087)</u>		<u>(62,368,087)</u>
Business-type activities:							
Food Service	<u>635,954</u>	\$ <u>248,098</u>	<u>478,380</u>			\$ <u>90,524</u>	<u>90,524</u>
Total business-type activities	<u>635,954</u>	<u>248,098</u>	<u>478,380</u>			<u>90,524</u>	<u>90,524</u>
Total primary government	<u>\$ 65,232,063</u>	<u>\$ 248,098</u>	<u>\$ 2,453,575</u>	<u>\$ 252,827</u>	(62,368,087)	90,524	(62,277,563)
General revenues:							
Property taxes, levied for general purposes					25,964,306		25,964,306
Federal and State aid not restricted					32,403,759		32,403,759
County capital contribution					3,000,000		3,000,000
Tuition					681,891		681,891
Interest Earned					11,030		11,030
Miscellaneous income					965,871		965,871
Total general revenues					<u>63,026,857</u>		<u>63,026,857</u>
Change in net position					658,770	90,524	749,294
Net Position—beginning of year					59,020,016	236,547	59,256,563
Net Position—end of year					<u>\$ 59,678,786</u>	<u>\$ 327,071</u>	<u>\$ 60,005,857</u>

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Governmental Funds
Balance Sheet
June 30, 2018**

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 4,520,503		\$ 1,021,497	\$ 5,542,000
Accounts receivable:				
Interfunds receivable	328,715		827,085	1,155,800
Federal		\$ 460,733		460,733
State		38,265	1,266,457	1,304,722
Other governments	176,637	42,128		218,765
Other	53,616			53,616
Other asset			1,318	1,318
Restricted assets:				
Cash and cash equivalents	475,100			475,100
Total assets	<u>\$ 5,554,571</u>	<u>\$ 541,126</u>	<u>\$ 3,116,357</u>	<u>\$ 9,212,054</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 526,010	\$ 303,344	\$ 40,464	\$ 869,818
Intergovernmental payables:				
Other governments			83,193	83,193
Interfunds payable	1,314,575	181,817		1,496,392
Insurance claims payable	47,229			47,229
Other payables	17,137			17,137
Unearned revenue	15,190	55,965		71,155
Total liabilities	<u>1,920,141</u>	<u>541,126</u>	<u>123,657</u>	<u>2,584,924</u>
Fund balances:				
Restricted for:				
Capital reserve account	475,100			475,100
Capital projects			2,992,700	2,992,700
Excess Surplus - current year	81,788			81,788
Excess Surplus - prior year	138,225			138,225
Assigned to:				
Designated for subsequent years expenditures	1,161,775			1,161,775
Other Purposes	680,424			680,424
Unassigned	1,097,118			1,097,118
Total fund balances	<u>3,634,430</u>		<u>2,992,700</u>	<u>6,627,130</u>
Total liabilities and fund balances	<u>\$ 5,554,571</u>	<u>\$ 541,126</u>	<u>\$ 3,116,357</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 \$ 142,370,525 and the accumulated depreciation is \$61,263,701 (see Note 4). 81,106,824

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 (127,248)

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). (11,572,404)

Deferred pension costs in governmental activities are not resources and are therefore not reported in the funds. 1,332,900

Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (17,011,425)

Accrued pension contributions for the June 30, 2018 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. (676,991)

Net position of governmental activities \$ 59,678,786

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, 2018**

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
REVENUES				
Local sources:				
Local tax levy	\$ 25,964,306			\$ 25,964,306
County capital contribution			\$ 3,000,000	3,000,000
Tuition charges	681,891			681,891
Interest earned			11,030	11,030
Miscellaneous	820,457	\$ 145,414		965,871
Total local sources	<u>27,466,654</u>	<u>145,414</u>	<u>3,011,030</u>	<u>30,623,098</u>
State sources	19,258,174	280,165	252,827	19,791,166
Federal sources	<u>21,054</u>	<u>1,978,839</u>		<u>1,999,893</u>
Total revenues	<u>46,745,882</u>	<u>2,404,418</u>	<u>3,263,857</u>	<u>52,414,157</u>
EXPENDITURES				
Current:				
Regular instruction	5,665,427	402,155		6,067,582
Other special instruction	109,636			109,636
Vocational education	7,453,043	705,979		8,159,022
Other instruction	638,756			638,756
Support services and undistributed costs:				
Support Services	3,615,814	586,320		4,202,134
General administrative services	1,264,393			1,264,393
School administrative services	2,720,021			2,720,021
Plant operations and maintenance	7,749,335			7,749,335
Pupil transportation	184,127			184,127
Business and other support services	1,547,631			1,547,631
Unallocated benefits	13,891,666	280,741		14,172,407
Capital outlay	98,382	429,223	4,886,022	5,413,627
Special schools	<u>1,274,061</u>			<u>1,274,061</u>
Total expenditures	<u>46,212,292</u>	<u>2,404,418</u>	<u>4,886,022</u>	<u>53,502,732</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>533,590</u>	<u>-</u>	<u>(1,622,165)</u>	<u>(1,088,575)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			450,000	450,000
Transfers out	(450,000)			(450,000)
Total other financing sources	<u>(450,000)</u>	<u>-</u>	<u>450,000</u>	<u>-</u>
Net change in fund balances	83,590	-	(1,172,165)	(1,088,575)
Fund balance, July 1	3,550,840	-	4,164,865	7,715,705
Fund balance, June 30	<u>\$ 3,634,430</u>	<u>\$ -</u>	<u>\$ 2,992,700</u>	<u>\$ 6,627,130</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, 2018**

Total net change in fund balances - governmental funds (from B-2) **\$ (1,088,575)**

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	\$	5,315,245	
Depreciation expense		(3,710,753)	1,604,492

In the statement of net position, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount reflects the change from prior year. 7,628

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. 631,868

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 109,340

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		(605,983)	
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Change in net position of governmental activities (A-2) **\$ 658,770**

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, 2018**

	Major Fund
	Food Service
ASSETS	
Current assets:	
Accounts receivable:	
State	\$ 649
Federal	37,949
Interfund	340,575
Other	4,290
Inventory	6,763
Total current assets	390,226
Noncurrent assets:	
Capital assets:	
Furniture, machinery & equipment	101,682
Less accumulated depreciation	(41,197)
Total capital assets, net	60,485
Total assets	450,711
LIABILITIES	
Current liabilities:	
Accounts payable	118,413
Unearned revenue	1,729
Other payables	898
Interfund payable	2,600
Total current liabilities	123,640
NET POSITION	
Net investment in capital assets	60,485
Unrestricted	266,586
Total net position	\$ 327,071

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, 2018**

	Major Fund
	Food
	Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 134,487
Daily sales - non-reimbursable programs	88,551
Special functions	25,060
Total operating revenues	248,098
Operating expenses:	
Salaries	303,809
Cost of sales-reimbursable programs	105,510
Cost of sales - non-reimbursable programs	17,101
Food donation program	49,253
Other purchased services	70,361
General supplies	85,418
Depreciation	4,185
Other expenses	317
Total operating expenses	635,954
Operating (loss)	(387,856)
Nonoperating revenues:	
State sources:	
State school lunch program	7,263
Federal sources:	
National school lunch program	305,107
PB lunch - HHFKA	8,170
School breakfast program	108,587
Food donation program	49,253
Total nonoperating revenues	478,380
Change in net position	90,524
Total net position—beginning of year	236,547
Total net position—end of year	\$ 327,071

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, 2018**

	Major Fund
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 243,643
Payments to employees	(303,809)
Payments to suppliers	(279,179)
Net cash used in operating activities	(339,345)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from state reimbursements	7,242
Cash received from federal reimbursements	473,638
Cash disbursed to other funds	(101,428)
Net cash provided by noncapital financing activities	379,452
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(40,107)
Net cash used in capital and related financing activities	(40,107)
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	\$ (387,856)
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Depreciation	4,185
Increase in other receivables	(4,115)
Decrease in inventories	78
(Decrease) in unearned revenue	(340)
Increase in other liabilities	433
Increase in accounts payable	48,270
Total adjustments	48,511
Net cash (used in) operating activities	\$ (339,345)

The District received \$49,253 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2018.

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, 2018**

	Private-Purpose Scholarship Fund	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 6,226	\$ 755,913
Interfund receivable		2,617
Accounts Receivable		8,958
Total assets	6,226	\$ 767,488
LIABILITIES		
Accounts Payable		\$ 46,637
Other Liabilities		170
Due to student groups		134,523
Held on behalf of a third party		80,073
Payroll deductions and withholdings payable		506,085
Total liabilities		\$ 767,488
NET POSITION		
Held in trust for scholarships	6,226	
Total net position	\$ 6,226	

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, 2018**

	<u>Private-Purpose Scholarship Fund</u>
ADDITIONS	
Investment earnings:	
Interest	\$ 7
Total additions	7
DEDUCTIONS	
Bank service charges	212
Total deductions	212
Change in net position	(205)
Net position—beginning of the year	6,431
Net position—end of the year	\$ 6,226

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, 2018

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, 2018

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

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

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

B. Government-wide and fund financial statements

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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 to be available if they are collected within sixty days of the end of the current fiscal period, except for reimbursement grants. The District considers revenues to be available if they are collected within eighteen months 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, 2018

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.

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, 2018

1. Summary of Significant Accounting Policies (continued)

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

Additionally, the District reports the following fiduciary fund types:

Fiduciary funds of the District include the Student Activities Agency Fund, Payroll Agency Fund and Private Purpose Scholarship Trust Fund. The trust fund is reported using the economic resources measurement focus. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

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.”

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, 2018 were not significant and approved by the Board and the New Jersey Department of Education where required.

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, 2018

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control (continued)

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.

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.

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, 2018

1. Summary of Significant Accounting Policies (continued)

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

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.

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, 2018

1. Summary of Significant Accounting Policies (continued)

I. Compensated Absences (continued)

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 \$1,034,274 at June 30, 2018. 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 2018 programs received on or before June 30, 2018.

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.

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:

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, 2018

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances (continued)

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

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, 2018

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances (continued)

Of the \$3,634,430 of fund balances in the General Fund, \$680,424 of encumbrances is assigned to other purposes, \$475,100 has been restricted for the capital reserve, \$81,788 has been restricted for excess surplus – current year, \$138,225 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$1,161,775 has been classified as assigned fund balance designated for subsequent years expenditures and \$1,070,118 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, 2018 was \$220,013. Of this amount, \$138,225 has been appropriated in the 2018-2019 budget and the remaining \$81,788 will be required to be appropriated in the 2019-2020 budget.

N. Net Position

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

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, 2018

1. Summary of Significant Accounting Policies (continued)

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 \$12,840,722 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period for pension and medical contributions. The amounts are not required to be included in the District's annual budget.

Q. Tax Abatements

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

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth. Middlesex County has not entered into any tax abatement agreements, however, municipalities within the County have which has abated \$2,696,562 during calendar year 2017. Various municipalities were required to remit \$252,711 under statute to the County. None of those payments were due to the District.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

R. GASB Pronouncements

GASB Pronouncements implemented in the 2018 fiscal year

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 became effective for the District in the 2018 fiscal year.

S. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 7, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

2. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including the 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:

Compensated absences	\$ 1,034,274
Lease purchase obligations	<u>10,538,130</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 11,572,404</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, 2018

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 least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

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

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

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

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

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, 2018

3. Deposits and Investments (continued)

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.

Deposits (continued)

Operating cash, in the form of Negotiable Order of Withdrawal (“NOW”) accounts, is held in the District’s name by commercial banking institutions. At June 30, 2018, the District’s carrying amount of deposits was \$6,779,239 and the bank balance was \$7,893,267. 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 \$6,798,083. \$595,185 held in the District agency accounts are not covered by GUDPA. Pursuant to GASB Statement No. 40, “Deposit and Investment Risk Disclosures” (“GASB 40”), the District’s operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution’s trust department or agent 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, 2018:

- 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.

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, 2018

3. Deposits and Investments (continued)

Investments (continued)

- 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.

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2018:

	Beginning Balance	Increases	Transfers/ Disposals/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,307,200			\$ 7,307,200
Construction in progress	1,888,658	\$ 831,569	\$ (1,887,864)	832,363
Total capital assets, not being depreciated	9,195,858	831,569	(1,887,864)	8,139,563
Capital assets, being depreciated:				
Site improvements	9,250,789	788,221		10,039,010
Buildings & building improvements	99,748,086	3,129,427	1,887,864	104,765,377
Machinery and equipment	18,871,766	566,028	(11,220)	19,426,574
Total capital assets being depreciated	127,870,641	4,483,676	1,876,644	134,230,961
Less accumulated depreciation for:				
Site improvements	(4,185,847)	(412,459)		(4,598,306)
Buildings and building improvements	(38,170,044)	(2,537,185)		(40,707,229)
Machinery, equipment and vehicles	(15,208,276)	(761,109)	(11,220)	(15,958,165)
Total accumulated depreciation	(57,564,167)	(3,710,753)	(11,220)	(61,263,700)
Total capital assets, being depreciated, net	70,306,474	772,923	1,887,864	72,967,261
Governmental activities capital assets, net	\$79,502,332	\$1,604,492	\$ -	\$81,106,824

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, 2018

4. Capital Assets (continued)

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

Regular instruction	\$	42,619
Vocational instruction		417,027
Support services		13,725
School administrative services		176,424
General administrative services		12,631
Plant operations and maintenance		98,684
Unallocated depreciation		2,949,643
	\$	<u>3,710,753</u>

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2018:

	Beginning Balance	Increases		Ending Balance
Business-type activities				
Capital assets, being depreciated:				
Equipment	\$ 61,575	\$ 40,108	\$	101,683
Less accumulated depreciation for:				
Equipment	(37,012)	(4,185)		(41,197)
Total business-type activities capital assets, net	<u>\$ 24,563</u>	<u>\$ 35,923</u>	<u>\$</u>	<u>60,486</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, 2018

5. Long-Term Liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$1,143,614	\$ 248,952	\$ (358,292)	\$ 1,034,274	\$ 35,309
Lease purchase obligations	11,169,998		(631,868)	10,538,130	607,873
Subtotal	12,313,612	248,952	(990,160)	11,572,404	643,182
Net pension liability	21,797,746		4,786,321	17,011,425	
Governmental activity long-term liabilities	<u>\$34,111,358</u>	<u>\$ 248,952</u>	<u>\$ 3,796,161</u>	<u>\$ 28,583,829</u>	<u>\$ 643,182</u>

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

Bonds Payable and Bonds Authorized but Not Issued

As of June 30, 2018, 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, 2018, debt outstanding and recorded in the financial statements of the County of Middlesex related to the District amounted to \$24,080,000.

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, 2018

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>
2019	\$ 868,831
2020	661,420
2021	658,899
2022	661,140
2023	679,559
2024 through 2028	3,641,933
2029 through 2033	4,140,445
2034 through 2035	<u>1,841,696</u>
 Total Minimum Lease Payments	 13,153,923
 Less: Amount representing interest	 <u>(2,615,793)</u>
 Present Value of Net Minimum Lease Payments	 <u>\$ 10,538,130</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, 2018

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 $1/55^{\text{th}}$ 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 $1/60^{\text{th}}$ 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, 2018

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 over the next six years 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 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.

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, 2018

6. Pension Plans (continued)

During the year ended June 30, 2018, the State of New Jersey contributed \$4,197,943 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 \$1,271,023 during the year ended June 30, 2018 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, 2018, 2017, and 2016 were \$676,991, \$653,838, and \$629,429, 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, 2018, the District reported a liability of \$17,011,425 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.0730781486 percent, which was a decrease of 0.0005202881 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized full accrual pension expense of \$1,282,967 in the government-wide financial statements. At June 30, 2018, 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
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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
Changes of assumptions	\$ 3,427,216	\$ 3,414,651
Differences between expected and actual experience	400,560	
Changes in proportion	219,682	92,734
Difference between projected and actual earnings on pension plan investments	115,836	
District contributions subsequent to the measurement date	676,991	
	\$ 4,840,285	\$ 3,507,385

The \$676,991 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:	
2019	\$ 438,845
2020	438,847
2021	359,363
2022	(581,146)
2023	-
	\$ 655,909

The Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2017</u>
Inflation rate	2.25%
Salary increases	
Through 2026	1.65 - 4.15%
	Based on age
Thereafter	2.65 - 5.15%
	Based on age
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

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

Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

The Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 contribution rate in the most recent fiscal year.

The Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

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

The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 21,103,827	\$ 17,011,425	\$ 13,601,947

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, 2017 are as follows:

Deferred outflows of resources	6,424,455,842
Deferred inflows of resources	5,700,625,981
Net pension liability	23,278,401,588
District's proportion	0.0730781486%

The Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

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

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 is \$1,694,305,613.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2017, 2016, 2015 and 2014 is 5.48, 5.57, 5.72 and 6.44 years, respectively.

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 State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2017 was \$114,702,551. The District's proportionate share was \$0. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1701222442 percent, which was a decrease of 0.0019405391 from its proportion measured as of June 30, 2016.

The Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

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

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$7,946,012 for contributions incurred by the State.

Actuarial assumptions

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

	<u>June 30, 2017</u>
Inflation rate	2.25%
Salary increases 2012 - 2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Mortality Rates

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

The Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

6. Pension Plans (continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

The Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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, 2016 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 (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
District's proportionate share of the net pension liability	\$ 136,270,229	\$ 114,702,551	\$ 96,935,004

The Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

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, 2017 are as follows:

Deferred outflows of resources	14,353,461,035
Deferred inflows of resources	11,992,821,439
Net pension liability	67,670,209,171
District's proportion	0.1701222442%

Collective pension expense for the plan for the measurement period ended June 30, 2017 is \$4,688,207,089.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2017, 2016, 2015 and 2014 is 8.3, 8.3, 8.3 and 8.5 years, respectively.

The Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits

Plan Description

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

Funding Policy

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the 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. 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State's contributions to the SHBP for post-retirement benefits on behalf of the District for the years ended June 30, 2018, 2017 and 2016 were \$1,645,471, \$1,594,415, and \$1,640,342, respectively, which equaled the regional contributions for each year.

The Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The net OPEB liability from New Jersey's plan is \$53,639,841,858

The following members were covered by the benefit terms:

Local Education	June 30, 2016
Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
Total Plan Members	366,078

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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2017 was \$133,724,194 or 0.25%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Assumptions and Other Inputs

Inflation rate	2.50%	
	TPAF/ABP	PERS
Salary increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality tables were based on the RP-2014 Headcount-Weighted Healthy Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount liability is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

Changes in the Total Nonemployer OPEB Liability

The following represents the change in the State's proportionate share of the OPEB liability associated with the District:

Balance at June 30, 2016		\$142,358,487
Increased by:		
Service cost	\$ 6,534,945	
Interest cost	4,201,250	
Member contributions	114,052	
		10,850,247
		153,208,734
Decreased by:		
Changes of assumptions	16,387,204	
Gross benefit payments	3,097,336	
		19,484,540
Balance at June 30, 2017		\$133,724,194

The State's proportionate share of deferred inflows of resources associated with the District at June 30, 2017 \$15,815,024.

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate.

	1% Decrease (2.58%)	At Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 158,740,266	\$ 133,724,194	\$ 113,881,208

The Board of Education
of the Vocational and Technical High Schools
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

The following presents the State’s proportionate share of the net OPEB liability associated with the District calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 109,975,222	\$ 133,724,194	\$ 165,262,549

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

For the year ended June 30, 2018, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$9,087,828 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 99,843,255
Deferred inflows of resources	\$ 6,443,612,287
Collective OPEB expense	\$ 3,348,490,523

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.

The Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

8. Risk Management (continued)

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 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.

The Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

8. Risk Management (continued)

Changes in the District's insurance claims liability amount in fiscal years 2018, 2017, and 2016 were:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2017-2018	\$ 107,807	\$ 14,647	\$ (75,225)	\$ 47,229
2016-2017	155,719	4,961	(52,873)	107,807
2015-2016	192,244	4,937	(41,462)	155,719

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.

10. Interfund Receivables and Payables

The total interfund accounts receivables and payables for the District are as follows at June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 328,715	\$ 1,314,575
Special Revenue Fund		181,817
Capital Projects Fund	827,085	
Enterprise Fund - Food Service	340,575	2,600
Agency Fund	2,617	
	<u>\$ 1,498,992</u>	<u>\$ 1,498,992</u>

The Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

10. Interfund Receivables and Payables (continued)

The interfund payable in the special revenue fund represents an amount loaned from the general fund as a result of the reimbursement procedures under which the District must spend the funds before requesting reimbursement from the State of New Jersey. The interfunds between the general fund, capital projects fund, 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, 2018 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), relating to its capital projects. The District is required to expend funds in accordance with its approved final eligible costs.

The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2018 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 Board of Education
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2018

12. Contingent Liabilities (continued)

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

13. Capital Reserve Account

A capital reserve account was established by the District, in prior years, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by a Board approved transfer between June 1 and June 30 of each fiscal year. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, June 30, 2017	\$	575,100
June Deposit		350,000
Transfer to Capital Projects Fund		<u>(450,000)</u>
Ending Balance, June 30, 2018	\$	<u>475,100</u>

At June 30, 2018, 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.

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, 2018

15. Commitments

The District has contractual commitments at June 30, 2018 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$680,424.

In addition, the District has \$1,934,694 of contractual commitments at June 30, 2018 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 and
OPEBs (GASB 68 and 75)

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*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - Local Group	0.0730781486%	0.0735984367%	0.0732122503%	0.0714014190%	0.0713357094%	Not available	Not available	Not available	Not available	Not available
District's proportionate share of the net pension liability (asset)	\$ 17,011,425	\$ 21,797,746	\$ 16,434,683	\$ 13,368,298	\$ 13,633,671	Not available	Not available	Not available	Not available	Not available
District's covered-employee payroll	\$ 5,043,426	\$ 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
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	337.30%	424.14%	324.44%	267.80%	277.01%	Not available	Not available	Not available	Not available	Not available
Plan fiduciary net position as a percentage of the total pension liability - Local Group	48.10%	40.14%	47.93%	52.08%	48.72%	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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 685,623	\$ 676,991	\$ 653,838	\$ 629,429	\$ 588,623	\$ 537,500	\$ 547,852	\$ 586,443	\$ 587,880	\$ 450,347
Contributions in relation to the contractually required contribution	(685,623)	(676,991)	(653,838)	(629,429)	(588,623)	(537,500)	(547,852)	(586,443)	(587,880)	(450,347)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 5,081,261	\$ 5,043,426	\$ 5,139,312	\$ 5,065,509	\$ 4,991,828	\$ 4,921,659	\$ 4,893,029	\$ 4,948,467	\$ 5,275,784	\$ 5,191,673
Contributions as a percentage of covered-employee payroll	13.49%	13.42%	12.72%	12.43%	11.79%	10.92%	11.20%	11.85%	11.14%	8.67%

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*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.1701222442%	0.1720627833%	0.1733467542%	0.1725283819%	0.1830768662%	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	\$ 114,702,551	\$ 135,355,541	\$ 109,562,551	\$ 92,210,805	\$ 92,525,608	Not available	Not available	Not available	Not available	Not available
Total proportionate share of the net pension liability (asset) associated with the District	\$ 114,702,551	\$ 135,355,541	\$ 109,562,551	\$ 92,210,805	\$ 92,525,608	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%	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
Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
State Health Benefit Local Education Retired Employees Plan

Last Ten Fiscal Years*

		Year Ended June 30, 2018
State's proportion of the OPEB Liability associated with the District -		0.25%
District's proportionate share of the OPEB liability	\$	-
State's proportionate share of the OPEB liability associated with the District		133,724,194
Total proportionate share of the OPEB liability associated with the District	\$	<u>133,724,194</u>
Balance at June 30, 2016	\$	142,358,487
Increased by:		
Service cost	\$ 6,534,945	
Interest cost	4,201,250	
Member contributions	<u>114,052</u>	
		<u>10,850,247</u>
		153,208,734
Decreased by:		
Changes of assumptions	16,387,204	
Gross benefit payments	<u>3,097,336</u>	
		<u>19,484,540</u>
Balance at June 30, 2017	\$	<u>133,724,194</u>
Covered by employee payroll	\$	22,566,052
Total OPEB liability as a percentage of covered employee payroll.		592.59%

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

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

See Note to Required Supplementary Information

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

Notes to Required Supplementary Information

Year Ended June 30, 2018

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017.

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

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017

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, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 25,964,306		\$ 25,964,306	\$ 25,964,306	\$ -
Tuition Charges	744,180		744,180	681,891	(62,289)
Miscellaneous	495,899		495,899	820,457	324,558
Total - Local Sources	27,204,385	-	27,204,385	27,466,654	262,269
State Sources:					
Equalization Aid	11,964,298		11,964,298	12,182,856	218,558
Special Education Categorical Aid	1,159,017		1,159,017	1,159,017	
Security Aid	117,501		117,501	117,501	
Adult Ed Aid	-		-	322,318	322,318
PARCC Readiness Aid	20,160		20,160	20,160	
Per Pupil Growth Aid	20,160		20,160	20,160	
Professional Learning Community	21,280		21,280	21,280	
TPAF Social Security (Reimbursed - Non-Budgeted)				1,271,023	1,271,023
TPAF Pension (On-Behalf - Non-Budgeted)				2,547,647	2,547,647
TPAF Post-Retirement Medical Contribution				1,650,296	1,650,296
Total State Sources	13,302,416	-	13,302,416	19,312,258	6,009,842
Federal Sources:					
Medicaid Reimbursement	47,592		47,592	13,831	(33,761)
Medicaid Admin Clearing Reimbursement				7,223	7,223
Total Federal Sources	47,592	-	47,592	21,054	(26,538)
Total Revenues	40,554,393	-	40,554,393	46,799,966	6,245,573
EXPENDITURES:					
Current Expenditures:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	5,649,897	\$ (362,000)	5,287,897	5,282,430	5,467
Purchased Educational Services	25,000	(12,000)	13,000	12,500	500
Other Purchased Services	3,907	(1,500)	2,407		2,407
General Supplies	222,500	248,616	471,116	231,408	239,708
Textbooks	126,250		126,250	120,875	5,375
Other Objects	4,000		4,000	2,000	2,000
Regular Programs - Home Instruction					
Salaries of Teachers	35,000	(26,000)	9,000	7,448	1,552
Purchased Educational Services	20,000		20,000	8,766	11,234
Total Regular Programs	6,086,554	(152,884)	5,933,670	5,665,427	268,243
Bilingual Education - Instruction					
Salaries of Teachers	134,540		134,540	109,186	25,354
General Supplies	3,820		3,820	450	3,370
Total Bilingual Education - Instruction	138,360	-	138,360	109,636	28,724
Regular Vocational Programs - Local - Instruction					
Salaries of Teachers	2,939,003	(105,000)	2,834,003	2,829,081	4,922
Purchased Professional-Educational Services	25,000	(2,500)	22,500	9,140	13,360
Other Purchased Services	367,350	15,000	382,350	378,103	4,247
General Supplies	487,600	96,835	584,435	485,978	98,457
Textbooks	32,450	(18,000)	14,450	12,060	2,390
Other Objects	4,000	4,000	8,000	4,225	3,775
Total Regular Vocational Programs - Local - Instruction	3,855,403	(9,665)	3,845,738	3,718,587	127,151
Special Vocational Programs - Local - Instruction					
Salaries of Teachers	3,252,988	50,000	3,302,988	3,293,073	9,915
Purchased Professional-Educational Services	5,000		5,000	159	4,841
Other Purchased Services	207,785	25,000	232,785	218,861	13,924
General Supplies	269,537	18,688	288,225	205,493	82,732
Textbooks	30,000	(10,000)	20,000	15,120	4,880
Other Objects	4,000		4,000	1,750	2,250
Total Special Vocational Programs - Local - Instruction	3,769,310	83,688	3,852,998	3,734,456	118,542

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, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Co curricular Actvts. - Instruction					
Salaries	\$ 145,850	\$ 7,500	\$ 153,350	\$ 144,439	\$ 8,911
General Supplies	7,500		7,500	1,160	6,340
Other Objects	19,000	14,500	33,500	31,315	2,185
Transfers to Cover Deficit (Agency Funds)	2,000		2,000		2,000
Total School-Spon. Co curricular Actvts. - Instruction	174,350	22,000	196,350	176,914	19,436
School-Spon. Athletics - Instruction					
Salaries	340,000	(7,500)	332,500	324,219	8,281
Purchased Services	46,540	(2,000)	44,540	40,275	4,265
Supplies and Materials	92,020	(11,754)	80,266	73,337	6,929
Other Objects	25,600	2,000	27,600	24,011	3,589
Total School-Spon. Athletics - Instruction	504,160	(19,254)	484,906	461,842	23,064
Total Instruction	14,528,137	(76,115)	14,452,022	13,866,862	585,160
Undistributed Expenditures:					
Undist. Expend. - Health Services					
Salaries	384,884	5,000	389,884	378,985	10,899
Purchased Professional Services	40,000	2,500	42,500	39,810	2,690
Supplies and Materials	17,500		17,500	14,350	3,150
Other Objects	1,000		1,000	120	880
Total Undistributed Expenditures - Health Services	443,384	7,500	450,884	433,265	17,619
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries of Other Professional Staff	127,690	(50,000)	77,690	75,041	2,649
Educational Services	1,000		1,000		1,000
Supplies and Materials	3,000		3,000	2,152	848
Total Undist. Expend.-Other Supp. Serv. Students-Related Serv.	131,690	(50,000)	81,690	77,193	4,497
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	974,573	(27,500)	947,073	939,268	7,805
Salaries of Secretarial and Clerical Assistants	212,590		212,590	212,088	502
Unused Vacation Payment	500		500		500
Other Purchased and Technical Services	2,000		2,000		2,000
Other Purchased Services	2,500	(1,400)	1,100	16	1,084
Supplies and Materials	23,500		23,500	14,795	8,705
Other Objects	5,000		5,000	1,611	3,389
Total Undist. Expend. - Guidance	1,220,663	(28,900)	1,191,763	1,167,778	23,985
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	617,475	45,000	662,475	651,714	10,761
Salaries of Secretarial and Clerical Assistants	223,969		223,969	223,968	1
Unused Vacation Payment	500		500		500
Other Purchased and Technical Services	9,000	5,000	14,000	13,737	263
Other Purchased Services	6,400		6,400		6,400
Supplies and Materials	7,700	1,847	9,547	8,722	825
Other Objects	2,750	(1,500)	1,250		1,250
Total Undist. Expend. - Child Study Teams	867,794	50,347	918,141	898,141	20,000
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	401,275	2,000	403,275	402,197	1,078
Salaries of Secretarial and Clerical Assistants	99,029		99,029	98,057	972
Unused Vacation Payment	500		500		500
Purchased Professional - Educational Services	8,875	(5,000)	3,875	1,760	2,115
Other Purchased Prof. and Tech. Services	10,650	(6,000)	4,650		4,650
Other Purchased Services	6,500		6,500	4,168	2,332
Supplies and Materials	19,000	37	19,037	9,775	9,262
Other Objects	1,900	3,000	4,900	1,838	3,062
Total Undist. Expend. - Improvement of Inst. Serv.	547,729	(5,963)	541,766	517,795	23,971
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	352,667		352,667	347,475	5,192
Supplies and Materials	52,000		52,000	45,554	6,446
Total Undist. Expend. - Edu. Media Serv./Sch. Library	404,667	-	404,667	393,029	11,638

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, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	\$ 70,813	\$ 1,000	\$ 71,813	\$ 70,976	\$ 837
Salaries of Secretarial and Clerical Assistants	17,475		17,475	17,304	171
Purchased Professional - Educational Services	28,375	5,000	33,375	23,470	9,905
Other Purchased Prof. and Tech. Services	650		650	-	650
Other Purchased Services	13,500	7,400	20,900	16,863	4,037
Supplies and Materials	3,000		3,000		3,000
Other Objects	2,000		2,000		2,000
Total Undist. Expend. - Instructional Staff Training Serv.	135,813	13,400	149,213	128,613	20,600
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	599,088	(1,000)	598,088	587,070	11,018
Other Purchased Professional Services	124,400	66,000	190,400	119,487	70,913
Purchased Technical Services	90,000		90,000	83,419	6,581
Communications/Telephone	267,400	(22,500)	244,900	238,230	6,670
BOE Other Purchased Services	5,500		5,500	4,482	1,018
Other Purchased Services	120,320	10,000	130,320	124,821	5,499
Supplies and Materials	30,000	401	30,401	16,775	13,626
BOE Meeting Supplies	3,000	-	3,000	354	2,646
Miscellaneous Expenditures	50,775	7,500	58,275	55,549	2,726
BOE Membership Dues and Fees	36,500	-	36,500	34,206	2,294
Total Undist. Expend. - Supp. Serv. - General Admin.	1,326,983	60,401	1,387,384	1,264,393	122,991
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	1,955,841	30,000	1,985,841	1,985,155	686
Salaries of Secretarial and Clerical Assistants	623,580	-	623,580	610,453	13,127
Purchased Professional and Technical Services	500	-	500		500
Other Purchased Services	20,500	(4,500)	16,000	7,955	8,045
Supplies and Materials	112,363	9,243	121,606	95,497	26,109
Other Objects	14,000	10,000	24,000	20,961	3,039
Total Undist. Expend. - Support Serv. - School Admin.	2,726,784	44,743	2,771,527	2,720,021	51,506
Undist. Expend. - Support Serv.-Central Services					
Salaries	796,630	15,000	811,630	809,794	1,836
Purchased Professional Services	500	-	500		500
Purchased Technical Services	500	-	500		500
Other Purchased Services	32,400	(9,860)	22,540	17,009	5,531
Supplies and Materials	28,100	10,429	38,529	35,540	2,989
Other Objects	4,000		4,000	3,465	535
Total Undist. Expend. - Support Serv.-Central Services	862,130	15,569	877,699	865,808	11,891
Undist. Expend. - Support Serv. - Admin. Info. Technology					
Salaries	510,418	30,000	540,418	537,092	3,326
Purchased Professional Services	1,000	-	1,000	-	1,000
Purchased Technical Services	4,500	-	4,500		4,500
Other Purchased Services	12,500	(5,000)	7,500	3,890	3,610
Supplies and Materials	102,500	65,438	167,938	140,841	27,097
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Support Serv.- Admin. Info. Technology	631,918	90,438	722,356	681,823	40,533
Undist. Expend. - Required Maint. For Sch. Facilities					
Salaries	494,647	(84,000)	410,647	397,930	12,717
Unused Vacation Payment	500	1,000	1,500	1,114	386
Cleaning, Repair and Maintenance Services	449,893	260,790	710,683	573,805	136,878
General Supplies	149,500	19,325	168,825	136,116	32,709
Total Undist. Expend. - Required Maint. For Sch. Facilities	1,094,540	197,115	1,291,655	1,108,965	182,690

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, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	\$ 1,862,148	\$ (10,000)	\$ 1,852,148	\$ 1,833,224	\$ 18,924
Unused Vacation Payment	500	8,000	8,500	6,911	1,589
Purchased Professional and Technical Services	375,000	238,250	613,250	587,431	25,819
Cleaning, Repair and Maintenance Services	304,423	13,374	317,797	307,870	9,927
Lease Purchase Payment - ESIP	910,000	-	910,000	909,370	630
Other Purchased Property Services	110,900	60,000	170,900	166,290	4,610
Insurance	267,500	(14,000)	253,500	252,259	1,241
Miscellaneous Purchased Services	5,000		5,000	1,990	3,010
General Supplies	152,500	27,723	180,223	158,010	22,213
Energy (Natural Gas)	311,055	87,500	398,555	395,905	2,650
Energy (Electricity)	1,103,458	(37,500)	1,065,958	1,048,446	17,512
Other Objects	15,000		15,000	7,319	7,681
Total Undist. Expend. - Other Oper. & Maint. Of Plant	5,417,484	373,347	5,790,831	5,675,025	115,806
Care and Upkeep of Grounds					
Salaries	470,158		470,158	466,906	3,252
Unused Vacation Payment	500		500		500
Purchased Professional and Technical Services	500		500		500
Cleaning, Repair and Maintenance Services	170,000	(2,725)	167,275	118,966	48,309
General Supplies	70,000	(3,000)	67,000	52,539	14,461
Other Objects	1,000		1,000	190	810
Total Care and Upkeep of Grounds	712,158	(5,725)	706,433	638,601	67,832
Security					
Purchased Professional and Technical Services	270,000	20,000	290,000	283,703	6,297
Cleaning, Repair and Maintenance Services	22,000	13,000	35,000	31,068	3,932
General Supplies	15,000		15,000	11,973	3,027
Other Objects	1,000		1,000	-	1,000
Total Security	308,000	33,000	341,000	326,744	14,256
Undist. Expend. - Student Transportation Serv.					
Contract Services (Other than Between Home & Sch)-Vendors	166,165	30,000	196,165	184,127	12,038
Total Undist. Expend. - Student Transportation Serv.	166,165	30,000	196,165	184,127	12,038
Unallocated Benefits					
Social Security Contributions	495,000	10,000	505,000	494,280	10,720
Other Retirement Contributions - Regular	680,000	10,000	690,000	685,404	4,596
Unemployment Compensation	102,440	(60,000)	42,440	28,064	14,376
Workmen's Compensation	354,500	(105,000)	249,500	232,066	17,434
Health Benefits	6,786,000	(100,000)	6,686,000	6,665,371	20,629
Tuition Reimbursement	100,000		100,000	93,115	6,885
Unused Sick Payment	80,000	150,000	230,000	224,400	5,600
Total Unallocated Benefits	8,597,940	(95,000)	8,502,940	8,422,700	80,240
TPAF Social Security (Reimbursed - Non-Budgeted)				1,271,023	(1,271,023)
TPAF Pension (On-Behalf - Non-Budgeted)				2,547,647	(2,547,647)
TPAF Post-Retirement Medical Contribution				1,650,296	(1,650,296)
Total On-behalf Contributions				5,468,966	(5,468,966)
Total Personal Services-Employee Benefits	8,597,940	(95,000)	8,502,940	13,891,666	(5,388,726)
Total Undistributed Expenditures	25,595,842	730,272	26,326,114	30,972,987	(4,646,873)
Total General Current Expense	40,123,979	654,157	40,778,136	44,839,849	(4,061,713)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services					
Assessment for Debt Serv on SDA Funding	98,382		98,382	98,382	
Total Facilities Acquisition and Construction Services	98,382	-	98,382	98,382	-
Total Capital Outlay	98,382	-	98,382	98,382	-

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Schools:					
Post - Secondary Programs - Instruction					
Salaries of Teachers	\$ 731,492	\$ (50,000)	\$ 681,492	\$ 669,889	\$ 11,603
Purchased Prof. and Tech. Services	5,800		5,800	5,800	5,800
Other Purchased Services	5,200		5,200	5,200	5,200
General Supplies	65,500	(27,500)	38,000	32,894	5,106
Textbooks	4,675		4,675	414	4,261
Other Objects	3,200		3,200	1,065	2,135
Total Post - Secondary Programs - Instruction	<u>815,867</u>	<u>(77,500)</u>	<u>738,367</u>	<u>704,262</u>	<u>34,105</u>
Post - Secondary Programs - Support Services					
Salaries	85,020		85,020	80,020	5,000
Unused Vacation Payment	500		500	-	500
Other Purchased Services	2,000		2,000	-	2,000
Supplies and Materials	4,000		4,000	2,598	1,402
Other Objects	2,000		2,000	-	2,000
Total Post - Secondary Programs - Support Services	<u>93,520</u>		<u>93,520</u>	<u>82,618</u>	<u>10,902</u>
Total Post - Secondary Programs	<u>909,387</u>	<u>(77,500)</u>	<u>831,887</u>	<u>786,880</u>	<u>45,007</u>
Vocational Evening-Local-Instruction					
Salaries of Teachers	269,213	(65,000)	204,213	167,801	36,412
Other Salaries for Instruction	1,000		1,000	-	1,000
General Supplies	84,900	(45,000)	39,900	24,114	15,786
Textbooks	16,300		16,300	1,217	15,083
Total Vocational Evening-Local-Instruction	<u>371,413</u>	<u>(110,000)</u>	<u>261,413</u>	<u>193,132</u>	<u>68,281</u>
Vocational Evening-Local-Support Serv.					
Salaries	298,732		298,732	271,841	26,891
Unused Vacation Payment	500		500	-	500
Supplies and Materials	23,750	(10,000)	13,750	2,745	11,005
Other Objects	28,250	-	28,250	19,463	8,787
Total Vocational Evening-Local-Support Serv.	<u>351,232</u>	<u>(10,000)</u>	<u>341,232</u>	<u>294,049</u>	<u>47,183</u>
Total Vocational Evening-Local	<u>722,645</u>	<u>(120,000)</u>	<u>602,645</u>	<u>487,181</u>	<u>115,464</u>
Total Special Schools	<u>1,632,032</u>	<u>(197,500)</u>	<u>1,434,532</u>	<u>1,274,061</u>	<u>160,471</u>
Total Expenditures	<u>41,854,393</u>	<u>456,657</u>	<u>42,311,050</u>	<u>46,212,292</u>	<u>(3,901,242)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(1,300,000)</u>	<u>(456,657)</u>	<u>(1,756,657)</u>	<u>587,674</u>	<u>2,344,331</u>
Other Financing Sources (Uses):					
Transfer to Capital Projects Fund	(450,000)		(450,000)	(450,000)	-
Total Other Financing Sources (Uses)	<u>(450,000)</u>		<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)	<u>\$ (1,750,000)</u>	<u>\$ (456,657)</u>	<u>\$ (2,206,657)</u>	<u>\$ 137,674</u>	<u>\$ 2,344,331</u>
Fund Balance, July 1	<u>4,871,238</u>		<u>4,871,238</u>	<u>4,871,238</u>	
Fund Balance, June 30	<u>\$ 3,121,238</u>	<u>\$ (456,657)</u>	<u>\$ 2,664,581</u>	<u>\$ 5,008,912</u>	<u>\$ 2,344,331</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (1,750,000)		\$ (1,750,000)	\$ 594,331	\$ 2,344,331
Adjustment for prior year encumbrances		\$ (456,657)	(456,657)	(456,657)	
Total	<u>\$ (1,750,000)</u>	<u>\$ (456,657)</u>	<u>\$ (2,206,657)</u>	<u>\$ 137,674</u>	<u>\$ 2,344,331</u>
Recapitulation of fund balance:					
Restricted Fund Balance:					
Capital reserve account - restricted				\$ 475,100	
Excess Surplus - Designated for Subsequent Year's Expenditures				138,225	
Excess Surplus - Current Year				81,788	
Assigned Fund Balance:					
Year-end encumbrances - assigned				680,424	
Designated for subsequent year's expenditures - assigned				1,161,775	
Unassigned Fund Balance				<u>2,471,600</u>	
				5,008,912	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				(1,374,482)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,634,430</u>	

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
Special Revenue Fund
Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 302,292		\$ 302,292	\$ 145,414	\$ (156,878)
State Sources	550,942		550,942	280,165	(270,777)
Federal Sources	2,263,097	\$ 33,456	2,296,553	1,978,839	(317,714)
Total Revenues	<u>3,116,331</u>	<u>33,456</u>	<u>3,149,787</u>	<u>2,404,418</u>	<u>(745,369)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	993,459	(13,854)	979,605	707,021	272,584
Purchased Professional and Technical Services	130,800		130,800	35,400	95,400
Other Purchased Services	1,800		1,800	1,800	-
General Supplies	438,744	53	438,797	363,913	74,884
Total Instruction	<u>1,564,803</u>	<u>(13,801)</u>	<u>1,551,002</u>	<u>1,108,134</u>	<u>442,868</u>
Support Services					
Salaries of Other Professional Staff	570,533	(19,133)	551,400	407,587	143,813
Personal Services - Employee Benefits	309,733	17,083	326,816	278,691	48,125
Other Purchased Professional Services	127,682	1,780	129,462	62,837	66,625
Travel	8,390	(31)	8,359	4,967	3,392
Other Purchased Services	111,007	(2,373)	108,634	72,465	36,169
Supplies & Materials	22,495	22,199	44,694	40,514	4,180
Total Support Services	<u>1,149,840</u>	<u>19,525</u>	<u>1,169,365</u>	<u>867,061</u>	<u>302,304</u>
Facilities Acquisition and Construction Services					
Instructional Equipment	401,688	27,732	429,420	429,223	197
Total Facilities Acquisition and Construction Services	<u>401,688</u>	<u>27,732</u>	<u>429,420</u>	<u>429,223</u>	<u>197</u>
Total Expenditures	<u>3,116,331</u>	<u>33,456</u>	<u>3,149,787</u>	<u>2,404,418</u>	<u>745,369</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, 2018**

**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] \$ 46,799,966	[C-2] \$ 2,404,418
Difference - budgetary to GAAP:		
State aid payments recognized for budgetary purposes, not recognized for GAAP statements		
Prior year	1,320,398	
Current year	(1,374,482)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 46,745,882</u>	[B-2] <u>\$ 2,404,418</u>

Supplementary Information

Special Revenue Fund

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Year Ended June 30, 2018

	Total Brought Forward (Ex. E-1a)	Title I Part A Regular Program	Title II Part A Regular Program	Title IV Regular Program	I.D.E.A Part B Regular Program	County Voc Partnership Grant Cohort 3	DVRS Internship	DVRS Summer Internship	Carl Perkins Entitlement Secondary Program Federal	Carl Perkins Entitlement Secondary Program Reserve	Totals
REVENUES:											
Local Sources	\$ 145,414										\$ 145,414
State Sources	143,140					\$ 95,463	\$ 11,286	\$ 30,276			280,165
Federal Sources	139,295	\$ 512,994	\$ 16,160	\$ 300	\$ 576,754				\$ 666,649	\$ 66,687	1,978,839
Total Revenues	<u>\$ 427,849</u>	<u>\$ 512,994</u>	<u>\$ 16,160</u>	<u>\$ 300</u>	<u>\$ 576,754</u>	<u>\$ 95,463</u>	<u>\$ 11,286</u>	<u>\$ 30,276</u>	<u>\$ 666,649</u>	<u>\$ 66,687</u>	<u>\$ 2,404,418</u>
EXPENDITURES:											
Instruction											
Salaries of Teachers	\$ 57,335	\$ 300,536			\$ 181,560	\$ 45,000	\$ 11,286	\$ 30,276	\$ 81,028		\$ 707,021
Purchased Professional and Technical Services	-	15,000				20,400					35,400
Other Purchased Services	1,800										1,800
General Supplies	61,559	28,338				17,137			254,152	\$ 2,727	363,913
Total Instruction	<u>120,694</u>	<u>343,874</u>			<u>181,560</u>	<u>82,537</u>	<u>11,286</u>	<u>30,276</u>	<u>335,180</u>	<u>2,727</u>	<u>1,108,134</u>
Support Services											
Salaries of Other Professional Staff	133,121	11,725			257,036				5,705		407,587
Personal Services - Employee Benefits	27,459	85,881			138,158	4,702			22,491		278,691
Other Purchased Professional & Technical Services	4,650	40,900	\$ 9,800	\$ 300					7,187		62,837
Travel	4,967										4,967
Other Purchased Services	28,972	29,789	1,785			8,224			3,695		72,465
Supplies & Materials	35,114	825	4,575		-						40,514
Total Support Services	<u>234,283</u>	<u>169,120</u>	<u>16,160</u>	<u>300</u>	<u>395,194</u>	<u>12,926</u>			<u>39,078</u>		<u>867,061</u>
Facilities Acquisition and Construction Services											
Instructional Equipment	72,872								292,391	63,960	429,223
Total Facilities Acquisition and Construction Services	<u>72,872</u>								<u>292,391</u>	<u>63,960</u>	<u>429,223</u>
Total Expenditures	<u>\$ 427,849</u>	<u>\$ 512,994</u>	<u>\$ 16,160</u>	<u>\$ 300</u>	<u>\$ 576,754</u>	<u>\$ 95,463</u>	<u>\$ 11,286</u>	<u>\$ 30,276</u>	<u>\$ 666,649</u>	<u>\$ 66,687</u>	<u>\$ 2,404,418</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, 2018

	Total Brought Forward (Ex. E-1b)	Carl Perkins Entitlement Postsecondary Program State	Apprentice Coordinator Program	Sustainable NJ Grant PA	CTSO HOSA Grant	Pre ETS Grant	Youth Transition to Work Grant	Youth Transition to Work Grant C/O	Total Carried Forward
REVENUES:									
Local Sources	\$ 145,414								\$ 145,414
State Sources		\$ 116,098	\$ 19,742	\$ 4,000	\$ 120,908	\$ 14,387	\$ 5,800	\$ 1,500	143,140
Federal Sources									139,295
Total Revenues	<u>\$ 145,414</u>	<u>\$ 116,098</u>	<u>\$ 19,742</u>	<u>\$ 4,000</u>	<u>\$ 120,908</u>	<u>\$ 14,387</u>	<u>\$ 5,800</u>	<u>\$ 1,500</u>	<u>\$ 427,849</u>
EXPENDITURES:									
Instruction									
Salaries of Teachers	\$ 57,335								\$ 57,335
Purchased Professional and Technical Services	-								-
Other Purchased Services	1,800								1,800
General Supplies	946	\$ 43,226				\$ 14,387	\$ 1,500	\$ 1,500	61,559
Total Instruction	<u>60,081</u>	<u>43,226</u>				<u>14,387</u>	<u>1,500</u>	<u>1,500</u>	<u>120,694</u>
Support Services									
Salaries of Other Professional Staff	45,000		\$ 12,310		\$ 75,811				133,121
Personal Services - Employee Benefits	17,969				9,490				27,459
Other Purchased Professional & Technical Services	-			\$ 2,050	2,600				4,650
Travel	-		53		4,914				4,967
Other Purchased Services	3,000		4,254		600		4,300		28,972
Supplies & Materials	19,364		3,125		1,350				11,275
Total Support Services	<u>85,333</u>		<u>19,742</u>		<u>4,000</u>		<u>120,908</u>		<u>4,300</u>
Facilities Acquisition and Construction Services									
Instructional Equipment									72,872
Construction Services									-
Facilities Acquisition and Construction Services		<u>72,872</u>							<u>72,872</u>
Total Expenditures	<u>\$ 145,414</u>	<u>\$ 116,098</u>	<u>\$ 19,742</u>	<u>\$ 4,000</u>	<u>\$ 120,908</u>	<u>\$ 14,387</u>	<u>\$ 5,800</u>	<u>\$ 1,500</u>	<u>\$ 427,849</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, 2018

	Alcohol Adolescents Program	Sustainable Jersey NJEA Grant	NJSBAIG Safety Grant	PSA Contest	Mini Arts Grant	Inmate Education		Alcohol Adolescents Program	Total Carried Forward
						Regular Program	Carryover		
REVENUES:									
Local Sources	\$ 3,000	\$ 1,644	\$ 15,496	\$ 224	\$ 1,800	\$ 39,127	\$ 37,123	\$ 47,000	\$ 145,414
Total Revenues	<u>\$ 3,000</u>	<u>\$ 1,644</u>	<u>\$ 15,496</u>	<u>\$ 224</u>	<u>\$ 1,800</u>	<u>\$ 39,127</u>	<u>\$ 37,123</u>	<u>\$ 47,000</u>	<u>\$ 145,414</u>
EXPENDITURES									
Instruction									
Salaries of Teachers						\$ 28,951	\$ 28,384		\$ 57,335
Purchased Professional and Technical Services									
Other Purchased Services					\$ 1,800				1,800
General Supplies						766	180		946
Total Instruction					<u>1,800</u>	<u>29,717</u>	<u>28,564</u>		<u>60,081</u>
Support Services									
Salaries of Other Professional Staff								\$ 45,000	45,000
Personal Services - Employee Benefits						9,410	8,559		17,969
Other Purchased Professional & Technical Services									
Travel									
Other Purchased Services	\$ 3,000								3,000
Supplies & Materials		\$ 1,644	\$ 15,496	\$ 224				2,000	19,364
Other Objects									
Total Support Services	<u>3,000</u>	<u>1,644</u>	<u>15,496</u>	<u>224</u>		<u>9,410</u>	<u>8,559</u>	<u>47,000</u>	<u>85,333</u>
Total Expenditures	<u>\$ 3,000</u>	<u>\$ 1,644</u>	<u>\$ 15,496</u>	<u>\$ 224</u>	<u>\$ 1,800</u>	<u>\$ 39,127</u>	<u>\$ 37,123</u>	<u>\$ 47,000</u>	<u>\$ 145,414</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, 2018**

Project Title/Issue	Original Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2018
			Prior Years	Current Year	
Insurance Reimbursements - Superstorm Sandy	7/1/2012	\$ 50,183			\$ 50,183
Capital Outlay - County	7/1/2012	3,100,000	\$ 3,047,645		52,355
Capital Outlay - County	7/1/2013	3,100,000	2,962,403	\$ 82,070	55,527
Capital Outlay - County	7/1/2014	1,726,107	1,440,486	108,510	177,111
ROD Grant East Brunswick Roof	7/1/2014	1,246,503	1,236,658		9,845
ROD East Brunswick Grant Science Lab	7/1/2014	437,341	423,140		14,201
ROD Grant East Brunswick Mechatronics	7/1/2014	514,388	503,461		10,927
Energy Savings Improvement Plan	7/1/2014	11,300,000	10,257,471	615,632	426,897
Miscellaneous Income	7/1/2014	1,000			1,000
Capital Outlay - County	7/1/2015	2,440,549	2,127,929	304,604	8,016
ROD Grant Piscataway HVAC	7/1/2015	1,110,000	487,121	622,879	-
Interest Income	7/1/2015	651			651
Capital Outlay - County	7/1/2016	3,000,000	1,295,421	1,551,927	152,652
E-Rate	7/1/2016	177,257		177,257	-
Interest Income	7/1/2016	2,879			2,879
Miscellaneous Income	7/1/2016	1,000			1,000
Capital Outlay -County	7/1/2017	3,000,000		1,423,143	1,576,857
Capital Reserve Transfer	7/1/2017	450,000			450,000
Interest Income	7/1/2017	11,030			11,030
		<u>\$ 31,668,888</u>	<u>\$ 23,781,735</u>	<u>\$ 4,886,022</u>	<u>\$ 3,001,131</u>

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

**Summary Schedule of Revenues, Expenditures and Changes in Fund Balance-Budgetary Basis
Year Ended June 30, 2018**

Revenue

County Capital Contribution	\$ 3,000,000
Transfer from Capital Reserve	450,000
Interest Income	11,030
Total Revenue	<u>3,461,030</u>

Expenditures

Purchased Professional and Technical Services	505,618
Construction Services	4,220,900
Other Objects	22,699
Equipment Purchases	136,805
Total Expenditures	<u>4,886,022</u>

(Deficiency) of revenues over expenditures (1,424,992)

Fund Balance - Beginning - July 1 4,426,123

Fund Balance - Ending - June 30 \$ 3,001,131

Reconciliation of Fund Balance:

Fund Balance, Budgetary Basis	\$ 3,001,131
GAAP Basis Revenues not Recognized	(8,431)
Fund Balance - June 30, 2018 GAAP Basis	<u>\$ 2,992,700</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, 2018**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>
Revenue and Other Financing Sources			
State Sources - SDA Grants	\$ 2,340,000		\$ 2,340,000
Inter Governmental Transfers from County Capital Contribution	3,194,501		3,194,501
Total Revenue and Other Financing Sources	<u>5,534,501</u>		<u>5,534,501</u>
Expenditures			
Purchased Professional and Technical Services	708,822		708,822
Land and Improvements	2,150		2,150
Construction Services	4,123,194		4,123,194
Supplies	189,826		189,826
Other Objects	9,267		9,267
Equipment Purchases	501,242		501,242
Total Expenditures	<u>5,534,501</u>		<u>5,534,501</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:			
Project Number	SP-99494-1		
Grant Date	2/1/2002		
Bond Authorization Date	NA		
Bonds Authorized	NA		
Bonds Issued	NA		
Original Eligible Cost	\$ 5,850,000		
Additional Eligible Cost	(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
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, 2018**

	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	302,016		302,016
Construction Services	2,346,032		2,346,032
Other Objects	8,640		8,640
Equipment Purchases	390,957	\$ -	390,957
Total Expenditures	3,047,645	-	3,047,645
Excess (deficiency) of revenues Over (under) expenditures	\$ 52,355	\$ -	\$ 52,355
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-19	

**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, 2018**

	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	289,853	\$ 1,873	291,726
Construction Services	2,267,467	80,197	2,347,664
Other Objects	10,341		10,341
Equipment Purchases	394,742		394,742
Total Expenditures	2,962,403	82,070	3,044,473
Excess (deficiency) of revenues Over (under) expenditures	\$ 137,597	\$ (82,070)	\$ 55,527
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-15	
Revised Target Completion Date		Jun-19	

**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, 2018**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2014/2015	\$ 1,726,107		\$ 1,726,107
Total Revenue and Other Financing Sources	<u>1,726,107</u>	<u>-</u>	<u>1,726,107</u>
Expenditures			
Purchased Professional and Technical Services	36,976		36,976
Construction Services	1,095,363	\$ 108,510	1,203,873
Other Objects	1,720		1,720
Equipment Purchases	306,427		306,427
Total Expenditures	<u>1,440,486</u>	<u>108,510</u>	<u>1,548,996</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 285,621</u>	<u>\$ (108,510)</u>	<u>\$ 177,111</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		90%	
Original Target Completion Date		Jun-16	
Revised Target Completion Date		Jun-19	

**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, 2018**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
State Sources - SDA Grants	\$ 505,956		\$ 505,956
County Capital Contribution - 2014/2015	740,547		740,547
Total Revenue and Other Financing Sources	<u>1,246,503</u>	<u>-</u>	<u>1,246,503</u>
Expenditures			
Purchased Professional and Technical Services	108,138		108,138
Construction Services	1,128,520		1,128,520
Other Objects			
Equipment Purchases			
Total Expenditures	<u>1,236,658</u>	<u>-</u>	<u>1,236,658</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 9,845</u>	<u>\$ -</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-19		

**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, 2018**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
State Sources - SDA Grants	\$ 109,593		\$ 109,593
County Capital Contribution - 2014/2015	327,748		327,748
Total Revenue and Other Financing Sources	<u>437,341</u>	-	<u>437,341</u>
Expenditures			
Purchased Professional and Technical Services	38,212		38,212
Construction Services	383,803		383,803
Other Objects	1,125		1,125
Equipment Purchases			
Total Expenditures	<u>423,140</u>	-	<u>423,140</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 14,201</u>	<u>\$ -</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	-		
Revised Eligible Cost	\$ 270,000		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completion	97%		
Original Target Completion Date	Jun-16		
Revised Target Completion Date	Jun-19		

**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, 2018**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
State Sources - SDA Grants	\$ 208,790		\$ 208,790
County Capital Contribution - 2014/2015	305,598		305,598
Total Revenue and Other Financing Sources	<u>514,388</u>	<u>-</u>	<u>514,388</u>
Expenditures			
Purchased Professional and Technical Services	47,956		47,956
Construction Services	452,880		452,880
Other Objects	2,625		2,625
Equipment Purchases			
Total Expenditures	<u>503,461</u>	<u>-</u>	<u>503,461</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 10,927</u>	<u>\$ -</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-19		

**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, 2018**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
Lease Purchases	\$ 11,300,000		\$ 11,300,000
Total Revenue and Other Financing Sources	11,300,000		11,300,000
Expenditures			
Purchased Professional and Technical Services	2,303,790	\$ 170,504	2,474,294
Construction Services	7,927,805	433,194	8,360,999
Other Objects	25,876	11,934	37,810
Equipment Purchases			
Total Expenditures	10,257,471	615,632	10,873,103
Excess (deficiency) of revenues Over (under) expenditures	\$ 1,042,529	\$ (615,632)	\$ 426,897
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		96%	
Original Target Completion Date		Jun-16	
Revised Target Completion Date		Jun-19	

**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, 2018**

	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	167,860	\$ -	167,860
Construction Services	1,747,153	304,604	2,051,757
Other Objects	9,923		9,923
Equipment Purchases	202,993	-	202,993
Total Expenditures	2,127,929	304,604	2,432,533
Excess (deficiency) of revenues Over (under) expenditures	\$ 312,620	\$ (304,604)	\$ 8,016
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		100%	
Original Target Completion Date		Jun-19	
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, 2018**

	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>-</u>	<u>1,110,000</u>
Expenditures			
Purchased Professional and Technical Services	117,715	\$ 36,889	154,604
Construction Services	369,406	585,990	955,396
Other Objects			
Equipment Purchases			
Total Expenditures	<u>487,121</u>	<u>622,879</u>	<u>1,110,000</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 622,879</u>	<u>\$ (622,879)</u>	<u>\$ -</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	100%		
Original Target Completion Date	Jun-17		
Revised Target Completion Date	Jun-18		

**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, 2018**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2016/2017	\$ 3,000,000	-	\$ 3,000,000
E-Rate	177,257	-	177,257
Total Revenue and Other Financing Sources	<u>3,177,257</u>	<u>-</u>	<u>3,177,257</u>
Expenditures			
Purchased Professional and Technical Services	129,038	\$ 36,234	165,272
Construction Services	764,318	1,678,876	2,443,194
Other Objects	6,737	-	6,737
Equipment Purchases	395,328	14,074	409,402
Total Expenditures	<u>1,295,421</u>	<u>1,729,184</u>	<u>3,024,605</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ 1,881,836</u>	<u>\$ (1,729,184)</u>	<u>\$ 152,652</u>
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$ 3,000,000		
Additional Eligible Cost	177,257		
Revised Eligible Cost	\$ 3,177,257		
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		95%	
Original Target Completion Date		Jun-19	
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
Capital Outlay
Year Ended June 30, 2018**

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
County Capital Contribution - 2017/2018		\$ 3,000,000	\$ 3,000,000
Transfer from Capital Reserve		450,000	450,000
Total Revenue and Other Financing Sources	-	3,450,000	3,450,000
Expenditures			
Purchased Professional and Technical Services		260,118	260,118
Construction Services		1,029,529	1,029,529
Other Objects		10,765	10,765
Equipment Purchases		122,731	122,731
Total Expenditures	-	1,423,143	1,423,143
Excess (deficiency) of revenues Over (under) expenditures	\$ -	\$ 2,026,857	\$ 2,026,857
Additional Project Information:			
Project Number		N/A	
Grant Date		N/A	
Bond Authorization Date		N/A	
Bonds Authorized		N/A	
Bonds Issued		N/A	
Original Eligible Cost	\$	3,450,000	
Additional Eligible Cost			
Revised Eligible Cost	\$	3,450,000	
Percentage Increase over Original Authorized Cost		0.00%	
Percentage Completion		41%	
Original Target Completion Date		Jun-18	
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, 2018**

	Trust	Agency			Total Agency
	Private-Purpose Scholarship Fund	Student Activity	Payroll	HOSA	
ASSETS					
Cash and cash equivalents	\$ 6,226	\$ 134,523	\$ 506,068	\$ 115,322	\$ 755,913
Interfund receivable			17	2,600	2,617
Accounts Receivable				8,958	8,958
Total assets	<u>6,226</u>	<u>\$ 134,523</u>	<u>\$ 506,085</u>	<u>\$ 126,880</u>	<u>\$ 767,488</u>
LIABILITIES					
Accounts Payable				\$ 46,637	\$ 46,637
Other liabilities				170	170
Payable to student groups		\$ 134,523			134,523
Held on behalf of a third party				80,073	80,073
Payroll deductions and withholdings payable			\$ 506,085		506,085
Total liabilities	<u>\$ -</u>	<u>\$ 134,523</u>	<u>\$ 506,085</u>	<u>\$ 126,880</u>	<u>\$ 767,488</u>
NET POSITION					
Held in trust for scholarships	<u>6,226</u>				
Total net position	<u>\$ 6,226</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, 2018

	<u>Private-Purpose Scholarship Fund</u>
ADDITIONS	
Investment earnings:	
Interest	\$ <u>7</u>
Total additions	<u>7</u>
DEDUCTIONS	
Bank service charges	<u>212</u>
Total deductions	<u>212</u>
Change in net position	(205)
Net position—beginning of the year	<u>6,431</u>
Net position—end of the year	<u><u>\$ 6,226</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, 2018

Schools	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Perth Amboy	\$ 11,922	\$ 57,689	\$ 57,385	\$ 12,226
East Brunswick	36,759	90,521	90,970	36,310
Woodbridge	14,046	78,285	74,567	17,764
Piscataway	29,047	58,119	47,092	40,074
The Academy	28,831	53,518	54,200	28,149
	<hr/>			
Total all schools	\$ 120,605	\$ 338,132	\$ 324,214	\$ 134,523
	<hr/>			

**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, 2018**

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
Assets:				
Cash and cash equivalents	\$ 454,416	\$ 11,864,294	\$ 11,812,642	\$ 506,068
Interfund receivable		17		17
Total assets	<u>\$ 454,416</u>	<u>\$ 11,864,311</u>	<u>\$ 11,812,642</u>	<u>\$ 506,085</u>
Liabilities:				
Payroll deductions and withholdings payable	\$ 454,416	\$ 11,864,311	\$ 11,812,642	\$ 506,085
Total liabilities	<u>\$ 454,416</u>	<u>\$ 11,864,311</u>	<u>\$ 11,812,642</u>	<u>\$ 506,085</u>

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Schedule of Amount Held On-Behalf of Third Party
HOSA Agency Fund
Year Ended June 30, 2018**

	HOSA Agency Fund
ADDITIONS	
Contributions:	
Conference Fees	\$ 87,665
Membership Fees	22,326
	109,991
Miscellaneous income	5
Total additions	109,996
DEDUCTIONS	
Conference Registration fees	23,560
Supplies	18,269
Scholarships awarded	2,400
Purchased professional services	1,450
Rental	10,804
Other purchased services	37,810
Travel	3,500
Total deductions	97,793
Change	12,203
Amount held on-behalf of third party — beginning of the year	67,870
Amount held on-behalf of third party — end of the year	\$ 80,073

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, 2018**

I-2

Purpose	Interest Rate	Amount of Original Issue	Balance Balance July 1, 2017	Paid	Balance June 30, 2018
Energy Conservation	2.5185%	\$ 11,300,000	\$ 11,169,998	\$ 631,868	\$ 10,538,130
			<u>\$ 11,169,998</u>	<u>\$ 631,868</u>	<u>\$ 10,538,130</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)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 63,789,054	\$ 63,980,883	\$ 64,241,294	\$ 64,418,541	\$ 66,265,008	\$ 66,298,193	\$ 67,537,157	\$ 68,853,997	\$ 69,374,863	\$ 70,995,591
Restricted	1,589,750	3,397,498	3,428,961	3,981,049	2,919,426	3,679,450	3,226,677	3,961,033	3,952,931	3,260,916
Unrestricted (deficit)	2,206,259	(274,861)	19,141	1,002,500	949,902	817,724	(13,068,657)	(13,124,793)	(14,307,778)	(14,577,721)
Total governmental activities net position	\$ 67,585,063	\$ 67,103,520	\$ 67,689,396	\$ 69,402,090	\$ 70,134,336	\$ 70,795,367	\$ 57,695,177	\$ 59,690,237	\$ 59,020,016	\$ 59,678,786
Business-type activities										
Net investment in capital assets	\$ 1,168	\$ 15,104	\$ 13,310	\$ 11,516	\$ 9,721	\$ 8,057	\$ 25,609	\$ 22,065	\$ 24,563	\$ 60,485
Unrestricted	1,310	18,203	20,700	45,167	59,931	58,037	90,919	146,033	211,984	266,586
Total business-type activities net position	\$ 2,478	\$ 33,307	\$ 34,010	\$ 56,683	\$ 69,652	\$ 66,094	\$ 116,528	\$ 168,098	\$ 236,547	\$ 327,071
District-wide										
Net investment in capital assets	\$ 63,790,222	\$ 63,995,987	\$ 64,254,604	\$ 64,430,057	\$ 66,274,729	\$ 66,306,250	\$ 67,562,766	\$ 68,876,062	\$ 69,399,426	\$ 71,056,076
Restricted	1,589,750	3,397,498	3,428,961	3,981,049	2,919,426	3,679,450	3,226,677	3,961,033	3,952,931	3,260,916
Unrestricted (deficit)	2,207,569	(256,658)	39,841	1,047,667	1,009,833	875,761	(12,977,738)	(12,978,760)	(14,095,794)	(14,311,135)
Total district net position	\$ 67,587,541	\$ 67,136,827	\$ 67,723,406	\$ 69,458,773	\$ 70,203,988	\$ 70,861,461	\$ 57,811,705	\$ 59,858,335	\$ 59,256,563	\$ 60,005,857

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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities										
Instruction										
Regular	\$ 12,222,730	\$ 11,635,410	\$ 10,307,538	\$ 9,948,028	\$ 8,270,558	\$ 8,456,946	\$ 7,922,226	\$ 7,776,472	\$ 7,801,676	\$ 7,850,116
Other special instruction	234,427	216,129	205,640	191,623	162,138	171,658	163,490	156,056	151,288	165,193
Vocational	15,690,140	14,404,618	13,082,690	12,585,189	11,254,516	10,983,617	10,566,743	11,029,468	11,573,325	10,993,634
Other instruction	1,174,394	1,042,272	974,667	868,378	764,677	730,939	628,912	570,248	540,165	538,214
Support Services:										
Support services - students & instruction	8,218,438	7,388,852	6,636,688	6,509,940	5,841,283	6,130,209	5,662,462	5,700,459	5,839,958	5,272,776
School administrative services	5,863,013	5,352,252	4,507,749	1,603,265	3,883,373	3,820,950	3,875,926	3,362,272	3,849,331	3,680,418
General administrative services	1,947,997	1,867,246	1,655,094	4,383,951	1,399,392	1,422,230	1,376,369	1,392,144	1,337,274	1,464,722
Plant operations and maintenance	10,112,693	9,488,523	9,006,236	8,833,953	8,419,669	8,087,010	7,769,241	7,977,047	7,150,030	7,507,535
Pupil transportation	184,127	173,030	182,001	183,989	158,097	150,246	97,885	89,482	94,530	130,297
Other Support Services	3,087,012	2,713,222	2,486,937	2,099,542	1,913,408	1,885,153	1,795,036	1,782,884	1,805,929	1,654,516
Special Schools	2,633,621	2,423,852	2,254,297	2,210,559	1,898,010	2,070,029	2,168,539	2,224,705	2,981,975	2,981,500
Interest Expense	277,874	287,798	286,471	53,756						
Unallocated depreciation	2,949,643	2,557,841	2,215,122	2,135,750	2,135,093	2,002,468	1,883,850	1,843,699	1,784,089	1,750,417
Total governmental activities expenses	<u>64,596,109</u>	<u>59,551,045</u>	<u>53,801,130</u>	<u>51,607,923</u>	<u>46,100,214</u>	<u>45,911,455</u>	<u>43,910,679</u>	<u>43,904,936</u>	<u>44,909,570</u>	<u>43,989,338</u>
Business-type activities:										
Food service	635,954	679,432	651,573	642,294	682,670	682,939	606,486	604,450	622,131	637,771
Total business-type activities expense	<u>635,954</u>	<u>679,432</u>	<u>651,573</u>	<u>642,294</u>	<u>682,670</u>	<u>682,939</u>	<u>606,486</u>	<u>604,450</u>	<u>622,131</u>	<u>637,771</u>
Total district expenses	<u>\$ 65,232,063</u>	<u>\$ 60,230,477</u>	<u>\$ 54,452,703</u>	<u>\$ 52,250,217</u>	<u>\$ 46,782,884</u>	<u>\$ 46,594,394</u>	<u>\$ 44,517,165</u>	<u>\$ 44,509,386</u>	<u>\$ 45,531,701</u>	<u>\$ 44,627,109</u>
Operating grants and contributions	\$ 1,975,195	\$ 2,159,969	\$ 2,084,888	\$ 2,089,246	\$ 1,603,173	\$ 1,787,651	\$ 1,949,498	\$ 2,317,745	\$ 2,050,912	\$ 1,851,052
Capital grants and contributions	252,827	186,154	729,817	97,659						
Total governmental activities program revenues	<u>2,228,022</u>	<u>2,346,123</u>	<u>2,814,705</u>	<u>2,186,905</u>	<u>1,603,173</u>	<u>1,787,651</u>	<u>1,949,498</u>	<u>2,317,745</u>	<u>2,050,912</u>	<u>1,851,052</u>
Business-type activities:										
Food service	248,098	260,886	251,358	239,175	230,385	252,010	257,829	249,210	279,717	306,485
Operating grants and contributions	478,380	486,995	451,785	453,553	448,727	422,879	371,330	349,404	373,048	321,196
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>726,478</u>	<u>747,881</u>	<u>703,143</u>	<u>692,728</u>	<u>679,112</u>	<u>674,889</u>	<u>629,159</u>	<u>598,614</u>	<u>652,765</u>	<u>627,681</u>
Total district program revenues	<u>\$ 2,954,500</u>	<u>\$ 3,094,004</u>	<u>\$ 3,517,848</u>	<u>\$ 2,879,633</u>	<u>\$ 2,282,285</u>	<u>\$ 2,462,540</u>	<u>\$ 2,578,657</u>	<u>\$ 2,916,359</u>	<u>\$ 2,703,677</u>	<u>\$ 2,478,733</u>
Net (Expense)/Revenue										
Governmental activities	\$ (62,368,087)	\$ (57,204,922)	\$ (50,986,425)	\$ (49,421,018)	\$ (44,497,041)	\$ (44,123,804)	\$ (41,961,181)	\$ (41,587,191)	\$ (42,858,658)	\$ (42,138,286)
Business-type activities	90,524	68,449	51,570	50,434	(3,558)	(8,050)	22,673	(5,836)	30,634	(10,090)
Total district-wide net expense	<u>\$ (62,277,563)</u>	<u>\$ (57,136,473)</u>	<u>\$ (50,934,855)</u>	<u>\$ (49,370,584)</u>	<u>\$ (44,500,599)</u>	<u>\$ (44,131,854)</u>	<u>\$ (41,938,508)</u>	<u>\$ (41,593,027)</u>	<u>\$ (42,828,024)</u>	<u>\$ (42,148,376)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 25,964,306	\$ 25,443,790	\$ 24,990,260	\$ 24,435,550	\$ 23,813,430	\$ 23,314,842	\$ 23,314,842	\$ 23,314,842	\$ 22,751,798	\$ 25,581,630
Unrestricted grants and contributions	32,403,759	26,510,054	23,466,398	21,160,476	16,832,840	17,132,804	15,990,034	14,655,266	15,569,023	15,882,869
County capital contribution	3,000,000	3,000,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,100,000	3,000,000	
E-Rate		177,257								
Gain on refunding of bonds for ERIIP										
Tuition received	681,891	689,538	714,812	624,349	707,455	695,788	697,332	667,574	609,807	667,554
Investment earnings	11,030	2,879	461	190			628	4,942	18,070	54,631
Miscellaneous income	965,871	711,183	709,554	633,934	704,347	612,616	571,039	436,942	570,721	540,282
Disposition of capital assets										(58,664)
Other financing (uses)									(142,304)	
Transfers								(6,500)		(8,500)
Total governmental activities	<u>63,026,857</u>	<u>56,534,701</u>	<u>52,981,485</u>	<u>49,954,499</u>	<u>45,158,072</u>	<u>44,856,050</u>	<u>43,673,875</u>	<u>42,173,066</u>	<u>42,377,115</u>	<u>42,659,802</u>
Business-type activities:										
Investment earnings								39	195	631
Miscellaneous income						21,019				
Transfers							6,500			8,500
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,019</u>	<u>-</u>	<u>6,539</u>	<u>195</u>	<u>9,131</u>
Total district-wide	<u>\$ 63,026,857</u>	<u>\$ 56,534,701</u>	<u>\$ 52,981,485</u>	<u>\$ 49,954,499</u>	<u>\$ 45,158,072</u>	<u>\$ 44,877,069</u>	<u>\$ 43,673,875</u>	<u>\$ 42,179,605</u>	<u>\$ 42,377,310</u>	<u>\$ 42,668,933</u>
Change in Net Position										
Governmental activities	\$ 658,770	\$ (670,221)	\$ 1,995,060	\$ 533,481	\$ 661,031	\$ 732,246	\$ 1,712,694	\$ 585,875	\$ (481,543)	\$ 521,516
Business-type activities	90,524	68,449	51,570	50,434	(3,558)	22,969	22,673	703	30,829	(959)
Total district	<u>\$ 749,294</u>	<u>\$ (601,772)</u>	<u>\$ 2,046,630</u>	<u>\$ 583,915</u>	<u>\$ 657,473</u>	<u>\$ 745,215</u>	<u>\$ 1,735,367</u>	<u>\$ 586,578</u>	<u>\$ (450,714)</u>	<u>\$ 520,557</u>

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 4,119,714	\$ 1,218,201								
Unreserved	1,978,485	1,577,795								
Restricted for			\$ 100	\$ 100	\$ 100	\$ 69,078	\$ 158,427	\$ 781,719	\$ 830,595	\$ 695,113
Assigned to			1,590,769	2,006,688	1,947,838	1,427,509	1,323,177	1,773,950	1,639,387	1,842,199
Unassigned			590,989	858,781	757,059	1,010,338	1,018,391	982,681	1,080,858	1,097,118
Total general fund	<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>	<u>\$ 3,550,840</u>	<u>\$ 3,634,430</u>
All Other Governmental Funds										
Reserved		\$ 2,139,326								
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	\$ 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	\$ 4,164,865	\$ 2,992,700
Assigned to:										
Capital Projects Fund										
Total all other governmental funds	<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>	<u>\$ 4,164,865</u>	<u>\$ 2,992,700</u>
Total Fund Balances	<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>	<u>\$ 7,715,705</u>	<u>\$ 6,627,130</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

**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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Tax levy and county capital contribution	\$ 28,964,306	\$ 28,443,790	\$ 28,090,260	\$ 27,535,550	\$ 26,913,430	\$ 26,414,842	\$ 26,414,842	\$ 26,414,842	\$ 25,751,798	\$ 25,581,630
Tuition charges	681,891	689,538	714,812	624,349	707,455	695,788	697,332	667,574	609,807	667,554
E-Rate		177,257								
Interest earnings	11,030	2,879	461	190		-	628	4,942	18,070	54,631
Miscellaneous	965,871	711,183	709,554	633,933	737,638	695,899	855,068	714,085	833,290	799,370
State sources	19,791,166	18,493,680	18,653,456	17,179,597	16,524,779	17,035,451	15,386,571	14,474,782	13,220,937	15,446,892
Federal sources	1,999,893	2,105,953	2,315,468	2,143,154	1,741,201	1,618,021	2,268,932	2,221,086	4,136,429	2,027,941
Total revenue	52,414,157	50,624,280	50,484,011	48,116,773	46,624,503	46,460,001	45,623,373	44,497,311	44,570,331	44,578,018
Expenditures										
Instruction										
Regular instruction	6,067,582	6,364,179	6,140,186	6,178,520	5,809,370	5,896,677	5,681,845	5,776,683	5,727,954	5,933,943
Other special instruction	109,636	112,091	117,509	114,223	111,567	115,830	113,345	110,833	109,039	127,299
Vocational education instruction	8,159,022	8,222,784	8,084,533	8,213,995	8,072,835	7,788,033	7,631,425	8,005,312	8,520,272	8,213,759
Other instruction	638,756	611,480	623,385	581,921	576,153	541,036	466,510	436,270	410,384	423,088
Support Services:										
Student & instruction related services	4,202,134	4,146,857	4,064,384	4,076,121	4,167,061	4,327,023	4,148,636	4,266,863	4,445,912	3,999,437
General administration	1,264,393	1,292,629	1,205,343	1,180,438	1,134,988	1,151,125	1,143,568	1,176,211	1,149,300	1,273,566
School administrative services	2,720,021	2,739,109	2,594,880	2,618,894	2,621,641	2,561,962	2,663,714	2,308,088	2,748,779	2,519,935
Plant operations and maintenance	7,749,335	7,308,870	6,780,044	6,748,295	7,014,912	6,630,454	6,459,037	6,714,794	6,054,915	6,567,315
Pupil transportation	184,127	173,030	182,001	183,989	158,097	150,246	97,885	89,482	94,530	130,297
Other support services	1,547,631	1,483,951	1,528,945	1,409,313	1,346,551	1,328,131	1,308,929	1,339,052	1,376,465	1,280,310
Employee benefits	14,172,407	13,121,441	12,366,833	11,823,832	10,954,986	11,294,910	10,358,244	9,637,522	9,724,128	8,864,110
Capital outlay	5,413,627	5,309,940	10,562,048	6,678,510	2,954,528	4,618,288	2,761,179	2,850,713	2,660,332	3,009,372
Special schools	1,274,061	1,309,360	1,308,141	1,364,652	1,345,582	1,462,181	1,553,257	1,627,108	2,187,681	2,244,208
Total expenditures	53,502,732	52,195,721	55,558,232	51,172,703	46,268,271	47,865,896	44,387,574	44,338,931	45,209,691	44,586,639
Excess (Deficiency) of revenues over (under) expenditures	(1,088,575)	(1,571,441)	(5,074,221)	(3,055,930)	356,232	(1,405,895)	1,235,799	158,380	(639,360)	(8,621)
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 in	450,000									
Transfers out	(450,000)							(6,500)	(142,304)	(8,500)
Total other financing sources (uses)	-	-	-	11,300,000	136,742	183,700	-	(6,500)	(142,304)	(8,500)
Net change in fund balances	\$ (1,088,575)	\$ (1,571,441)	\$ (5,074,221)	\$ 8,244,070	\$ 492,974	\$ (1,222,195)	\$ 1,235,799	\$ 151,880	\$ (781,664)	\$ (17,121)
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>
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
2017	32,969	380,972	18,723	27,892	9,074	56,171	525,801
2018	27,471	381,303	30,154	2,660	6,094	372,775	820,457

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**

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2009	790,738	\$ 36,388,181,284	\$ 46,018	8.7%
2010	811,217	38,330,003,250	47,250	8.7%
2011	817,589	41,331,576,717	50,553	8.4%
2012	824,753	43,669,846,597	52,949	8.5%
2013	829,991	42,144,453,007	50,777	7.4%
2014	835,335	43,496,728,785	52,071	6.0%
2015	838,332	45,351,246,204	54,097	5.0%
2016	839,986	47,022,416,280	55,980	4.4%
2017	842,798	N/A	N/A	4.1%
2018	N/A	N/A	N/A	N/A

Source:

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

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	75	77	77	77	79	82	86	81	85	80
Vocational	99	93	86	84	87	88	88	84	90	85
Support Services:										
Student & instruction related services	50	53	49	49	53	54	52	52	52	50
General administration	4	4	6	6	6	6	6	6	6	4
School administrative services	39	40	33	38	32	34	34	32	31	31
Central services	13	13	12	11	11	11	11	11	10	10
Administrative Information Technology	7	6	5	6	6	6	6	6	6	6
Plant operations and maintenance	48	50	47	48	48	48	49	49	49	48
Special Schools	19	19	19	18	16	15	15	15	16	14
Total	354	355	334	337	338	344	347	336	345	328

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				
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	-7.11%	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%
2017	2,534.0	46,885,781	18,503	4.06%	226	N/A	N/A	1:11	2,046.6	1,946.6	-0.59%	95.11%
2018	2,524.5	48,089,105	19,049	2.95%	215	N/A	N/A	1:12	2,047.6	1,946.7	0.00%	95.08%

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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
<u>High School</u>										
Perth Amboy - New (2004)										
Square Feet	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000
Capacity (students)	442	442	442	442	442	442	442	442	442	442
Enrollment	354	361	300	295	299	298	294	295	292	285
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	194	204	224	182	252	272	292	315	317	312
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	748	684	645	616	651	665	679	708	717	711
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	829	586	573	510	570	618	602	610	608	625
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	152	150	154	156	161	167	167	166	160	159

Number of Schools at June 30, 2018
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
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
2017	212,725	96,241	385,806	440,345	41,094	1,176,211
2018	320,575	140,353	294,041	314,446	39,550	1,108,965
Total School Facilities	<u>\$ 2,107,846</u>	<u>\$ 1,138,833</u>	<u>\$ 3,966,061</u>	<u>\$ 3,335,098</u>	<u>\$ 458,516</u>	<u>\$ 11,006,354</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, 2018
Unaudited**

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
1) School package - New Jersey School Boards Association Insurance Group		
A) Property Blanket Bldg & Contents	\$ 500,000,000	\$ 5,000
B) Comprehensive General Liability	11,000,000 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	100,000
6) Nurses Liability - Evanston Insurance	1,000,000 Per medical incident	1,000
	3,000,000 Annual aggregate	1,000
7) Fidelity Bonds	285,000 Business Adm./Board Secretary	
	285,000 Treasurer	
8) Workers Compensation NJ School Boards Assoc. Ins. Group	2,000,000 Each Accident	
	2,000,000 Aggregate Limit	
9) Excess workers comp - NJ School Boards Assoc. Ins. Group	100,000 Aggregate Limit	
10) Excess weekly indemnity - NJ School Boards Assoc. Ins. Group	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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 7, 2019.

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.

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

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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

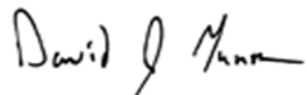
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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.

PKF O'Connor Davies, LLP

February 7, 2019
Cranford, New Jersey



David J. Gannon
Licensed Public School Accountant
No. 2305

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

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, 2018. 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*

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

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(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, 2018.

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

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

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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.

PKF O'Connor Davies, LLP

February 7, 2019
Cranford, New Jersey

David J. Gannon

David J. Gannon
Licensed Public School Accountant
No. 2305

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance at June 30, 2017	Carryover Amount	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	(Accounts Receivable) at June 30, 2018	Unearned Revenue at June 30, 2018	Due to Grantor at June 30, 2018
U.S. Department of Education													
Passed-Through State Department of Education:													
Medical Assistance Program	93.778	1805NJ5MAP	7/1/17-6/30/18	\$ 21,054				\$ 21,054	\$ (21,054)				
Total General Fund								21,054	(21,054)				
U.S. Department of Education													
Passed-Through State Department of Education:													
Title I	84.010A	S010A180030	7/1/17-6/30/18	558,477				354,611	(512,994)		\$ (158,383)		
Title I	84.010A	S010A170030	7/1/16-6/30/17	576,970	\$ (133,072)			133,072					
Title II - A	84.367	S367A180029	7/1/17-6/30/18	67,289				13,960	(16,160)		(2,200)		
Title II - A	84.367	S367A170029	7/1/16-6/30/17	96,712	(289)			289					
Title IV	84.424	S424A180031	7/1/17-6/30/18	10,000				300	(300)		-		
I.D.E.A. Part B	84.027	S027A180100	7/1/17-6/30/18	576,754				409,771	(576,754)		(166,983)		
I.D.E.A. Part B	84.027	S027A170100	7/1/16-6/30/17	652,494	(185,418)			185,418					
Carl Perkins - Entitlement Federal	84.048	S048A180030	7/1/17-6/30/18	666,649				592,003	(666,649)		(74,646)		
Carl Perkins - Entitlement Reserve	84.048	S048A180030	7/1/17-6/30/18	66,884				56,273	(66,687)		(10,414)		
Carl Perkins - Entitlement Federal	84.048	S048A170030	7/1/16-6/30/17	661,018	(79,805)			79,805					
Carl Perkins - Entitlement Reserve	84.048	S048A170030	7/1/16-6/30/17	65,916	(174)			174					
CTSO-HOSA	84.000	18BE60G06	8/1/17-8/31/18	146,500				88,688	(120,908)		(32,220)		
Sustainable Jersey	84.000	not available	9/1/17-6/30/18	4,000				2,500	(4,000)		(1,500)		
Pre-Employment Transition Services	84.126A	not available	4/1/18-3/31/19	200,000					(14,387)		(14,387)		
Total Special Revenue					(398,758)			1,916,864	(1,978,839)	-	(460,733)		
U.S. Department of Agriculture													
Passed - Through State Department of Education:													
Child Nutrition Cluster:													
Food Donation Program (NC)	10.555	181NJ304N1099	7/1/17-6/30/18	49,253				49,253	(49,253)				
National School Lunch Program	10.555	181NJ304N1099	7/1/17-6/30/18	305,107				277,605	(305,107)		(27,502)		
National School Lunch Program	10.555	171NJ304N1099	7/1/16-6/30/17	316,779	(28,166)			28,166					
School Breakfast Program	10.553	181NJ304N1099	7/1/17-6/30/18	108,587				98,870	(108,587)		(9,717)		
School Breakfast Program	10.553	171NJ304N1099	7/1/16-6/30/17	115,354	(11,556)			11,556					
Subtotal Child Nutrition Cluster					(39,722)			465,450	(462,947)		(37,219)		
Federal PB Lunch - Healthy Hunger - Free Kids Act of 2010	10.555	181NJ304N1099	7/1/17-6/30/18	8,170				7,440	(8,170)		(730)		
Federal PB Lunch - Healthy Hunger - Free Kids Act of 2010	10.555	171NJ304N1099	7/1/16-6/30/17	8,402	(748)			748					
Total Enterprise Fund					(40,470)			473,638	(471,117)		(37,949)		
Total Federal Awards					\$ (439,228)	\$ -	\$ -	\$ 2,411,556	\$ (2,471,010)	\$ -	\$ (498,682)	\$ -	\$ -

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, 2018

State Grantor Program Title	Grant or State Project Number	Grant Period	Balance at June 30, 2017					Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Year's Balances	Balance at June 30, 2018			MEMO	
			Award Amount	Unearned Rev/ (Accts. Rec)	Due to Grantor	Carryover Amount	Unearned Revenue				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:															
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 12,182,856				\$ 10,973,219	\$ (12,182,856)					\$ (1,209,637)	\$ (12,182,856)	
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	1,159,017				1,043,940	(1,159,017)					(115,077)	(1,159,017)	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	117,501				105,833	(117,501)					(11,668)	(117,501)	
Adult Ed Aid	18-100-034-5120-510	7/1/17-6/30/18	322,318				290,335	(322,318)					(31,983)	(322,318)	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	20,160				18,158	(20,160)					(2,002)	(20,160)	
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	20,160				18,158	(20,160)					(2,002)	(20,160)	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	21,280				19,167	(21,280)					(2,113)	(21,280)	
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	11,964,298	\$ (1,186,606)			1,186,606								
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	1,159,017	(115,899)			115,899								
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	117,501	(11,733)			11,733								
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	20,160	(2,016)			2,016								
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	20,160	(2,016)			2,016								
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	21,280	(2,128)			2,128								
Lead Testing for Schools Aid	17-495-034-5120-104	7/1/16-6/30/17	5,170	(5,170)			5,170								
TPAF Social Security Aid	18-495-034-5095-002	7/1/17-6/30/18	1,271,023				1,271,023	(1,271,023)						(1,271,023)	
TPAF Social Security Aid	17-495-034-5095-002	7/1/16-6/30/17	1,273,751	(62,066)			62,066								
On-Behalf TPAF Contributions:															
Pension Benefit Contributions	18-495-034-5095-006	7/1/17-6/30/18	2,547,647				2,547,647	(2,547,647)						(2,547,647)	
Long-Term Disability Insurance Contribution	18-495-034-5095-001	7/1/17-6/30/18	4,825				4,825	(4,825)						(4,825)	
Post Retirement Medical Contribution	18-495-034-5095-001	7/1/17-6/30/18	1,645,471				1,645,471	(1,645,471)						(1,645,471)	
Total General Fund				(1,387,634)			19,325,410	(19,312,258)					(1,374,482)	(19,312,258)	
Vocational Education-Apprentice Coordinator	18-100-034-5062-032	7/1/17-6/30/18	20,000				14,028	(19,742)		\$ (5,714)				(19,742)	
Vocational Education-Apprentice Coordinator	17-100-034-5062-032	7/1/16-6/30/17	20,000	(6,362)			6,362								
Vocational Education-Carl Perkins Post-Secondary	18-100-034-5062-032	7/1/17-6/30/18	116,098				116,098	(116,098)						(116,098)	
Vocational Education-Carl Perkins Post-Secondary	17-100-034-5062-032	7/1/16-6/30/17	126,657	(398)			398								
County Vocational Partnership Grant, Cohort 3	Not available	5/1/17-6/30/20	329,784				71,384	(95,463)		(24,079)				(95,463)	
DVRS Summer Paid Internship 2017	Not available	7/10/17-8/1/17	43,200				28,848	(30,276)		(1,428)				(30,276)	
DVRS Paid Internship 2018	Not available	1/1/18-6/30/18	34,560				4,242	(11,286)		(7,044)				(11,286)	
DVRS Paid Internship 2017	Not available	4/13/17-5/1/17	16,128	(14,028)			14,028								
Youth Transition to Work Grant 2018	Not available	2/8/18-6/30/18	5,800				5,800	(5,800)						(5,800)	
Youth Transition to Work Grant 2017	Not available	1/1/17-6/30/17	5,942	(2,570)			4,070	(1,500)						(1,500)	
Total Special Revenue Fund				(23,358)			265,258	(280,165)		(38,265)				(280,165)	
Addt. State School Bldg Aid-SDA Grant	03-495-034-5120-016	7/1/02-present	2,340,000	(93,701)			83,193			10,508				(2,213,801)	
Addt. State School Bldg Aid-SDA Grant		7/1/15-present	1,412,532	(827,476)						3,137				(827,476)	
Addt. State School Bldg Aid-SDA Grant		7/1/16 - present	450,549	(186,154)						(11,568)				(438,981)	
Total Capital Projects Fund				(1,107,331)			83,193	(252,827)		2,077			(1,274,888)	(3,480,258)	
National School Lunch Program (State Share)	18-100-010-3350-023	7/1/17-6/30/18	7,263				6,614	(7,263)					(649)	(7,263)	
National School Lunch Program (State Share)	17-100-010-3350-023	7/1/16-6/30/17	7,065	(628)			628								
Total Enterprise Fund				(628)			7,242	(7,263)		(649)				(7,263)	
Total State Financial Assistance			\$ (2,518,951)	\$ -	\$ -	\$ -	\$ 19,681,103	\$ (19,852,513)	\$ 2,077	\$ (1,313,802)	\$ -	\$ -	\$ (1,374,482)	\$ (23,079,944)	
State Financial Assistance															
Not Subject to Single Audit Determination															
General Fund															
On-Behalf TPAF Contributions:															
Pension Benefit Contributions	18-495-034-5095-006	7/1/17-6/30/18	2,547,647				2,547,647	(2,547,647)						(2,547,647)	
Long-Term Disability Insurance Contribution	18-495-034-5095-001	7/1/17-6/30/18	4,825				4,825	(4,825)						(4,825)	
Post Retirement Medical Contribution	18-495-034-5095-001	7/1/17-6/30/18	1,645,471				1,645,471	(1,645,471)						(1,645,471)	
Total State Financial Assistance			\$ (2,518,951)	\$ -	\$ -	\$ -	\$ 15,483,160	\$ (15,654,570)	\$ 2,077	\$ (1,313,802)	\$ -	\$ -	\$ (1,374,482)	\$ (18,882,001)	
Subject to Single Audit Determination															

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

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

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

Year ended June 30, 2018

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 Middlesex

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

Year ended June 30, 2018

3. Relationship to Basic Financial Statements (continued)

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

The net adjustment is (\$54,084) to reconcile from the budgetary basis to the GAAP basis for the general fund and no adjustment for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

4. Relationship to Federal and State Financial Reports

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 21,054	\$ 19,258,174	\$ 19,279,228
Special Revenue Fund	1,978,839	280,165	2,259,004
Capital Projects Fund	-	252,827	252,827
Food Service Enterprise Fund	471,117	7,263	478,380
Total financial awarded revenues	<u>\$ 2,471,010</u>	<u>\$ 19,798,429</u>	<u>\$ 22,269,439</u>

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, 2018.

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

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

Year ended June 30, 2018

5. Other (continued)

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2017 amounted to \$4,197,943. 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
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Schedule of Findings and Questioned Costs

Year ended June 30, 2018

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
84.010A	S010A160030	Title I

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
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Schedule of Findings and Questioned Costs

Year ended June 30, 2018

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 Middlesex

Schedule of Findings and Questioned Costs

Year ended June 30, 2018

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

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

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, 2018

No prior year findings were noted.