

MIDDLESEX COUNTY VOCATIONAL AND TECHNICAL HIGH SCHOOLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2015



**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, 2015

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

Prepared by

Business Office

Table of Contents

| | <u>Page</u> |
|---|-------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 1 |
| Organizational Chart | 8 |
| Roster of Officials | 9 |
| Independent Auditors and Advisors | 10 |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 11 |
| Required Supplementary Information – Part I | |
| Management's Discussion and Analysis | 14 |
| Basic Financial Statements | |
| Government-wide Financial Statements: | |
| A-1 Statement of Net Position | 26 |
| A-2 Statement of Activities | 27 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| B-1 Balance Sheet | 28 |
| B-2 Statement of Revenues, Expenditures and Changes in Fund Balance | 29 |
| B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 30 |
| Enterprise Fund: | |
| B-4 Statement of Net Position | 31 |
| B-5 Statement of Revenues, Expenses and Changes in Fund Net Position | 32 |
| B-6 Statement of Cash Flows | 33 |
| Fiduciary Funds: | |
| B-7 Statement of Fiduciary Net Position | 34 |
| B-8 Statement of Changes in Fiduciary Net Position | 35 |
| Notes to the Basic Financial Statements | 36 |

Table of Contents (continued)

| | Page |
|--|------|
| FINANCIAL SECTION (continued) | |
| Required Supplementary Information and Note to the RSI– Part II | |
| Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employee’s Retirement System | 74 |
| Schedule of District Contributions – Public Employee’s Retirement System | 75 |
| Schedule of State’s Proportionate Share of the Net Pension Liability Associated with the District – Teacher’s Pension and Annuity Fund | 76 |
| Notes to RSI for Pension | 77 |
| Required Supplementary Information – Part III | |
| Budgetary Comparison Schedules: | |
| C-1 Budgetary Comparison Schedule (Budgetary Basis) – General Fund | 78 |
| C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary - Basis) – Not Applicable | N/A |
| C-1b Community Development Block Grant – Budget and Actual – Not Applicable | N/A |
| C-2 Budgetary Comparison Schedule – Special Revenue Fund (Budgetary - Basis) | 84 |
| Note to the Required Supplementary Information | |
| C-3 Budget to GAAP Reconciliation | 85 |
| Supplementary Information | |
| D School Level Schedules – Not Applicable | N/A |
| Special Revenue Fund: | |
| E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis | 86 |
| E-2 Schedule of Preschool Education Program Aid Expenditures – Budgetary Basis – Not Applicable | N/A |
| Capital Projects Fund: | |
| F-1 Summary Schedule of Project Expenditures – Budgetary Basis | 89 |
| F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis | 90 |
| F-2(x) Schedules of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis | 91 |

Table of Contents (continued)

| | Page |
|--|------|
| SUPPLEMENTARY INFORMATION (continued) | |
| Enterprise Fund: | |
| G-1 Statement of Net Position – Not Applicable | N/A |
| G-2 Statement of Revenues, Expenses and Changes in Fund Net Position – Not Applicable | N/A |
| G-3 Statement of Cash Flows – Not Applicable | N/A |
| Fiduciary Funds: | |
| H-1 Combining Statement of Fiduciary Net Position | 103 |
| H-2 Statement of Changes in Fiduciary Net Position | 104 |
| H-3 Schedule of Cash Receipts and Cash Disbursements – Student Activity Agency Fund | 105 |
| H-4 Schedule of Cash Receipts and Cash Disbursements – Payroll Agency Fund | 106 |
| Long-Term Debt: | |
| I-1 Schedule of Serial Bonds Payable – Not Applicable | N/A |
| I-2 Schedule of Obligations Under Capital Leases | 107 |
| I-3 Budgetary Comparison Schedule – Debt Service Fund – Not Applicable | N/A |
| STATISTICAL SECTION (Unaudited) – Other Information | |
| Financial Trends: | |
| J-1 Net Position by Component | 108 |
| J-2 Changes in Net Position | 109 |
| J-3 Fund Balances – Governmental Funds | 110 |
| J-4 Changes in Fund Balances – Governmental Funds | 111 |
| J-5 General Fund – Other Local Revenue by Source | 112 |
| Revenue Capacity: | |
| J-6 Assessed Value and Actual Value of Taxable Property – Not Applicable | N/A |
| J-7 Property Tax Rates – Direct and Overlapping Governments – Not Applicable | N/A |
| J-8 Principal Property Tax Payers – Not Applicable | N/A |
| J-9 Property Tax Levies and Collections – Not Applicable | N/A |
| Debt Capacity: | |
| J-10 Ratios of Outstanding Debt by Type – Not Applicable | N/A |
| J-11 Ratios of Net General Bonded Debt Outstanding – Not Applicable | N/A |
| J-12 Ratios of Overlapping Governmental Activities Debt – Not Applicable | N/A |
| J-13 Legal Debt Margin Information – Not Applicable | N/A |
| Demographic and Economic Information: | |
| J-14 Demographic and Economic Statistics | 113 |
| J-15 Principal Employers – Not Applicable | N/A |

Table of Contents (continued)

| | <u>Page</u> |
|---|-------------|
| STATISTICAL SECTION (Unaudited) – Other Information | |
| Operating Information: | |
| J-16 Full-Time Equivalent District Employees by Function/Program | 114 |
| J-17 Operating Statistics | 115 |
| J-18 School Building Information | 116 |
| J-19 Schedule of Required Maintenance for School Facilities | 117 |
| J-20 Insurance Schedule | 118 |
| SINGLE AUDIT SECTION | |
| K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 119 |
| K-2 Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance Required by OMB A-133 and New Jersey OMB Circular 15-08 | 121 |
| K-3 Schedule A – Schedule of Expenditures of Federal Awards – Supplementary information | 124 |
| K-4 Schedule B – Schedule of Expenditures of State Financial Assistance – Supplementary information | 125 |
| K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance | 126 |
| K-6 Schedule of Findings and Questioned Costs | 127 |
| K-7 Summary Schedule of Prior Year Audit Findings | 131 |

Introductory Section

Administrative Offices

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

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John F. Bicsko, Jr., President

December 18, 2015

Brian J. Loughlin, Superintendent

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

Dear Board Members and Constituents:

The *comprehensive annual financial report* of the Middlesex County Vocational and Technical Schools for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Middlesex County Vocational and Technical Schools Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

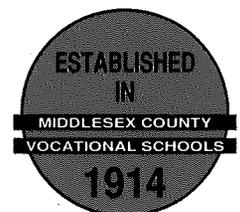
The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter (designed to complement management's discussion and analysis and should be read in conjunction with it), the District's organizational chart, a list of principal officials, and independent auditors and advisors. The financial section includes management's discussion and analysis (immediately following the independent auditor's report), the Independent Auditors' report, basic financial statements, required supplementary information, and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 as amended and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on internal control over compliance and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

(1) *Reporting Entity and Its Services.*

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

Campuses located at:

Academy East Brunswick Perth Amboy Piscataway Woodbridge



The District provides a *full range of educational services* appropriate to grade levels 9 through 12 and post secondary. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2014-15 fiscal year with an enrollment of 2,122 students.

(2) Economic Condition and Outlook.

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

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

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

(3) Major Initiatives.

Technology continues to be at the forefront of all the District's initiatives. Our commitment remains steadfast as we make technical advances throughout the District. On the administrative side, a brand new District website was introduced at the start of the school year. The website is extremely user friendly and provides access to an extraordinary amount of information and resources for the school community. Instructionally we continue to expand the integration of technology into our classrooms and shops. Adding digital proximas and large screen monitors supported with elmos and Ipads have significantly enhanced our instructional efforts in the classroom. During the school year we introduced several pilot programs in which pods of students were issued chrome books for their use inside and outside of the classroom. The devices provide textbooks, instructional materials, and organizational software for help within the classroom as well as access to instructional programs and resources outside the classroom to aid with homework and test preparation. Updating desktops and software continues to be a priority in order to keep up with the State's PARCC initiative

While we recognize expanding technology issues, we also acknowledge our traditions and we try to maintain some vestige of our heritage: machine shops, culinary, carpentry, HVAC, automotive technologies - and thus nurture *a commitment to the industries and unions that have built America* - and continue to do so. The remodeling and refreshing of vital shop areas in our District has served to stimulate interest and dispel complacency. Throughout the school year a combination of program research, curriculum development, and capital planning became the foundation for the introduction of the brand new program offering. The Advanced Manufacturing Program officially opened at our East Brunswick Campus at the beginning of the 2015-16 school year. The Advanced Manufacturing initiative was born in response to a need communicated through the Manufacturing Industry for a higher skilled work force. The program will engage the student skills in problem solving, critical thinking, planning and design. Through capital funding and Carl Perkins grant funding we continue to upgrade shop equipment and facilities. It is always our objective to train student on current technologies and state of the art equipment.

As demand continues to increase for non-traditional programs our *Performing Arts in Dance, Theatre and Cinematography* programs continue to be a success. With the help of very accomplished instructors and new innovative classrooms we have very high hopes for the success at the new program concept.

Our Academy model also continues to thrive within the district. Middlesex County Vocational and Technical Schools has been successfully maintaining two Academies over the past decade. Both the Academy for Science, Mathematics, and Technology and the Academy for Allied Health and Biomedical Sciences have been recognized as National Blue Ribbon Schools and continue to be listed by the US News and World Reports among the best high schools in the Country. This recognition of the academic success of our students along with the hard work of our teachers is a testament to the positive occurrences happening at the Academies on a daily basis. The Academies provide students with a small learning community that will focus on college preparation. Technology labs foster hands-on applied learning, while rigorous and relevant academy courses are integrated into the career majors. Some of the colleges the class of 2015 will be attending are as follows:

| | |
|--------------------------------------|--------------------------|
| • Boston College | • Rutgers University |
| • Carnegie Mellon University | • Seton Hall University |
| • Cornell University | • St. John’s University |
| • Drexel University | • Syracuse University |
| • Georgetown University | • Temple University |
| • New Jersey Institute of Technology | • UCLA |
| • Penn State University | • Villanova University |
| • Perdue University | • Wake Forest University |
| • Princeton University | • Yale University |

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

The practical measure of success for a vocational school, however, is the appropriate placement of students in jobs. This is a fundamental element of success because it validates the vocational-technical experience. Fortunately, in this most important criterion, MCVTHS *excels*. This year’s report included demographic data of 509 students who completed their education in 2014. Our overall percentage for job placement in 2014 was 96%. Job placement in all trades for which the students were trained was 86%. Also noteworthy is the fact that 78% 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 118 firms with 71% 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, 2015.

(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, 2015 to include the Basic Financial Statements and Management's Discussion and Analysis. The Basic Financial Statements present information on two separate sets of financial statements. The District-wide statements reflect the District's activities as a whole on the full accrual basis of accounting. The Fund financial statements present the District's activities on an individual fund basis.

(7) Cash Management.

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

Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

(8) Risk Management (Insurance).

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

Other Information.

(A) Independent Audit

State statutes require an annual audit by independent, certified public accountants or registered municipal accountants. The accounting firm of Wiss & Company, LLP, was selected by the Board finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the State Treasury Circular Letter 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:

- The Academy for Allied Health and Biomedical Sciences was the proud recipient of the 2014 National Blue Ribbon Schools Award for being an Exemplary High Performing School. Their school was one of 9 recipients in New Jersey. Students were applauded for pursuing a professional path that will benefit the public health and choosing a school with a very rigorous curriculum. It marked the third year in a row that a school in the Middlesex County Vocational and Technical School District has been so honored.
- The East Brunswick Campus was named a 2015 National Green Ribbon School in recognition of its "green" curriculum, sustainable building management practices and the health and well-being of its students and staff.
- Middlesex County Vocational and Technical School District earned a place on the College Board's 5th Annual AP (Advanced Placement) Honor Roll.
- Perth Amboy Vocational School was awarded a bronze medal for the first time by the U.S. News and World Report.
- Culinary Arts students from Perth Amboy proudly participated in the City of Perth Amboy's annual Thanksgiving dinner for the senior citizens of the city. Students prepared 25 turkeys for the feast.

- The Academy for Allied Health and Biomedical Sciences is proud of receiving recognition from U.S. News and World Report as a 2015 Silver Award winner.
- The Academy for Science, Mathematics and Engineering Technologies has been recognized by U.S. News & World Report with gold medal status as one of the Top 500 public high school in the United States, ranking ninth among New Jersey public high schools.
- Middlesex County Vocational and Technical School's Practical Nursing Program earned a 100% passing rate on the National Council Licensure Examination (NCLEX). This outstanding achievement supports the overall rigor of the practical nursing program and the dedication of a superior faculty. The National Council of State Boards of Nursing disseminates National Council Licensure Examination results to schools of nursing on a semi-annual basis. The report ranks a nursing program based on their graduates' performance on the licensure exam.
- The East Brunswick FFA chapter had 29 students place in 36 top spots and the MCVTS Floral Design team placed 1st in the State in the Floriculture contest at the annual State FFA Horticulture Exposition and Floral Design Contest. There were eight first place winners from East Brunswick. Piscataway Career Development had seven first place winners.
- East Brunswick, East Brunswick School of Career of Development, Perth Amboy, Piscataway, and Piscataway School of Career Development all participated in the 2015 NJ Sills USA Competition. There were a total of fifty six students who competed. East Brunswick had one 3rd place award, East Brunswick Career Development had one 1st place awards, and Perth Amboy had 4 students who received a bronze metal. The Perth Amboy Chapter also received recognition as a Chapter of Excellence by the National Skills USA organization.
- Piscataway's School of Career Development Carpentry shop built holiday wooden toys for donation to the Bristol-Myers Squibb Children's Hospital at Robert Wood Johnson University Hospital in New Brunswick. The student made toys that included rocking chairs, jewelry boxes, trains, cars, cradles and airplanes.
- For the fourth year in a row East Brunswick's School of Career Development Dry Cleaning class participated in a coat drive. Unwanted coats were donated at different points in the Middlesex County area and brought to the school to be cleaned. Once cleaned they were picked up and distributed to many of those in need of warm coats for the winter. The Dry Cleaning students were ecstatic to help with this endeavor and truly felt a sense of giving to the community.
- Piscataway's All Eyes on PVT placed second in this year's American Scholastic Press Association's national contest.
- Various players for various sports were named as GMC Scholar Athletes and received Sportsmanship Awards. Eleven players were named GMC All Gold Division for soccer. Four players were named GMC All Gold Division for basketball. Piscataway soccer coach Joseph Leonardis was named Division Coach of the Year. Piscataway girls basketball received GMC sportsmanship award. Perth Amboy boys basketball coach John Meyer was named GMC coach of the year. East Brunswick baseball team was named GMC Gold Division Champions.

- *Numerous special project grants*, which total over \$2.8 million, comprise another dimension of the awards and recognition received by the District over the 2014-15 year. This represents a tribute to the administration and staff that work extremely hard to compete for and maintain this level of grant award, year after year.

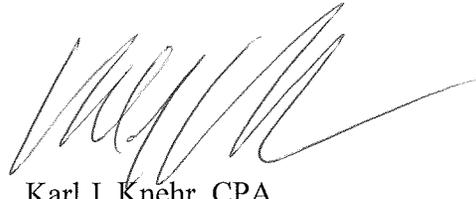
(9) Acknowledgements.

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

Respectfully submitted,

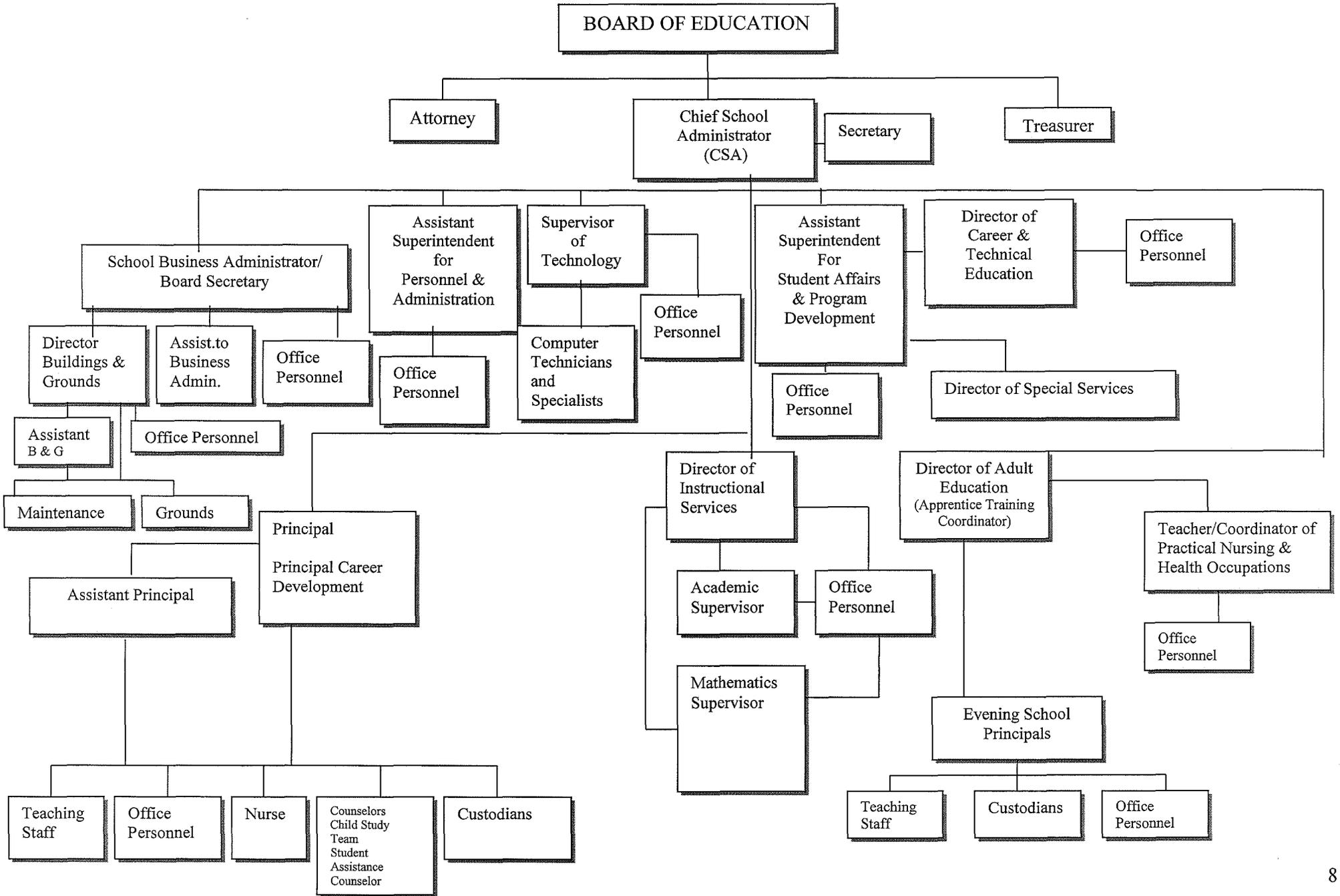


Brian J. Loughlin
Superintendent



Karl J. Knehr, CPA
Board Secretary/Business Administrator

Middlesex County Vocational and Technical High Schools
ORGANIZATIONAL CHART
June 30, 2015



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

Roster of Officials

June 30, 2015

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|----------------------------|
| Mr. John F. Bicsko, Jr., President | 2018 |
| Mr. Eugene J. Mullen, III, Vice-President | 2017 |
| Mrs. Gail E. Engel, Board Member | 2016 |
| Mr. Francis R. James, Board Member | 2015 |
| Dr. Laura Morana, Acting County Superintendent of Schools | N/A |

Other Officials

Brian J. Loughlin, Superintendent

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

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

Mr. Joseph F. Greco, CPA, Treasurer

Anthony B. Vignuolo, Esq., Board Attorney

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

Independent Auditors and Advisors

Independent Auditors

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

Architects

SSP Architectural Group, Inc.
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Attorney

Borrus, Goldin, Foley, Vignuolo, Hyman and Stahl
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North Brunswick, New Jersey 08902

Official Depositories

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George and Church Streets
New Brunswick, New Jersey 08901

Financial Section



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Middlesex County Vocational and Technical High Schools, County of Middlesex, New Jersey (the "District"), as of and for the year ended June 30, 2015, 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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2015, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1.Q. to the financial statements, during the fiscal year ended June 30, 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, which represents a change in accounting principle. As discussed in Note 16 to the financial statements, as of July 1, 2014 the District's net position was restated to reflect the impact of this change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

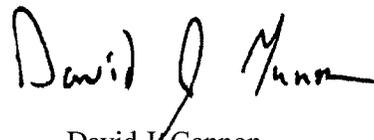
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements and schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information identified above is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



David J. Gannon
Licensed Public School Accountant
No. 2305



WISS & COMPANY, LLP

December 18, 2015
Iselin, New Jersey

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

The following represents the Middlesex County Vocational and Technical High Schools' (the "District") discussion and analysis for fiscal year ended June 30, 2015. 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. 26-27) represent a look at government financial reporting. The intention of these statements is to provide financial information on the District as a whole rather than on an individual fund basis. This is achieved by consolidating governmental and business type activities on the same statements using the same measurement focus and basis of accounting.

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

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

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

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

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

The statement format presents expenses first, detailed by functional area, then offset by direct program revenue. The idea reinforces the concept that government exists to provide services rather than earn money. This statement also uses the full accrual basis of accounting, separates government and business type activities, and consolidates at the bottom to show the district as a whole. Government activities represent the basic services of education: instruction, guidance, administration, and plant services. Business-type activities reflect the activities of the District's food services which operates similar to a business. The very bottom of the statement includes general revenues and records the changes in net 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. 28-35) 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. 28-30) are presented on a modified accrual basis of accounting. The statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. They provide detailed activities for the general, special revenue, and capital projects funds.

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

Balance Sheet (pg. 28): 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. 26) 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. 29) is reconciled with change in net position of governmental activities from the statement of activities (government-wide statements pg. 27) on a separate schedule (pg. 30). 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. 31-33) 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 34-35). 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 position 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 36-73 of this report.

Other information: The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 74-107 of this report.

GOVERNMENT WIDE FINANCES

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

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

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

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

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

The following presents the net position of the government activities as of June 30, 2015 and 2014:

Table 1
Net Position
As of
(In Millions)

| | June 30, 2015 District Totals | June 30, 2014 District Totals |
|-------------------------------|----------------------------------|----------------------------------|
| Current and other assets | \$ 15.2 | \$ 7.2 |
| Capital assets | 70.1 | 66.3 |
| Total assets | 85.3 | 73.5 |
| Pension Deferrals | 1.1 | 0.0 |
| Current and other liabilities | (15.2) | (1.1) |
| Long-term liabilities | (12.6) | (1.6) |
| Total liabilities | (27.8) | (2.7) |
| Pension Deferrals | 0.8 | 0.0 |
| Net position | | |
| Invested in capital assets | 67.6 | 66.3 |
| Restricted | 3.2 | 3.7 |
| Unrestricted | (13.1) | 0.8 |
| Total net position | \$ 57.70 | \$ 70.8 |

An initial examination of Table 1 reveals significant changes in the statement of net position between fiscal year 2015 and 2014. The over whelming majority of these changes were the result of the District implementing Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. The implementation of these GASB Statements resulted in, for the first time, the recording of the District's proportionate share of its net pension liability in the State's Public Employer's Retirement System, which is a multiple employer's cost sharing plan. The net pension liability associated with the District's governmental activities amounted to \$13.4 million. The implementation of these standards also resulted in increases in deferred outflows of resources and the establishment of a deferred inflow of resources related to pensions. The deficit balance of unrestricted net position reflects long-term obligations, such as compensated absences and the net pension liability, not invested in capital assets. The deficit (negative) amount is mainly the result of liabilities for compensated absences and the net pension liability without an offsetting asset. Unrestricted net position decreased mainly due the restatement of the prior year net position in the amount of \$13.7 million to record the net pension liability in conjunction with the adoption of GASB Statements 68 and 71. Total net position decreased by \$13.6 million for this same reason. The table also reveals a significant increase in current and other assets. This increase is mainly due to receiving 11.3 million for the funding of a lease purchase in conjunction with an energy savings improvement project. The corresponding increase in long term liabilities was related to the recording of the lease purchase obligation. In contrast with the prior year there was an increase in capital resources available at the year-end as several projects including the ESIP were still in beginning stages of construction.

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

Table 2
Unrestricted Net Position
As of
(In Millions)

Unrestricted net position from:

| | |
|------------------------------------|----------|
| Encumbrances | \$ 0.2 |
| Designated in subsequent year | 1.1 |
| Early retirement pension liability | (0.3) |
| Unfunded compensated absences | (1.3) |
| PERS pension liability | (13.8) |
| Results from operations | 1.0 |
| Total | \$(13.1) |

Encumbrances: Encumbrances are used to record outstanding purchase commitments for the District on a perpetual basis. As ordered items are received and services are rendered throughout the school year, encumbrances are invoiced and eventually paid. Open encumbrances at year end represent the value of outstanding purchase commitments as of June 30, 2015. These amounts 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 2015-2016 budget. The annual school budget is prepared and adopted prior to the start of the new fiscal year (July 1, 2015).

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

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

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

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

these debts only encumber resources without an offsetting asset, they are netted against the District's unrestricted net position.

The question now becomes what impact does this have on the District's finances and its ability to operate? In two words or less: very little. In its simplest terms, the deficit represents the funds required to satisfy these long term liabilities should the District cease its operations tomorrow. Although a portion 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, 2015 | June 30, 2014 |
|---------------------------------------|---------------|---------------|
| Revenues: | | |
| Program Revenues | | |
| Federal and state grants | \$ 2.1 | \$ 1.6 |
| Capital Grants | 0.1 | 0.0 |
| General Revenues | | |
| Property taxes | 24.4 | 23.8 |
| Federal and state aid, not restricted | 21.1 | 16.8 |
| County Capital Contribution | 3.1 | 3.1 |
| Other General Revenues | 1.3 | 1.5 |
| Total revenues | 52.1 | 46.8 |
| Functions/Program Expenses: | | |
| Instruction | | |
| Regular | 9.9 | 8.3 |
| Other special instruction | 0.2 | 0.2 |

| | | |
|--|--------|-------|
| Vocational | 12.6 | 11.2 |
| Other instruction | 0.9 | 0.8 |
| Support Services | | |
| Student and instruction related Services | 6.5 | 5.8 |
| General administrative service | 1.6 | 1.4 |
| School administrative services | 4.4 | 3.9 |
| Plant operations and maintenance | 8.8 | 8.4 |
| Pupil transportation | 0.2 | 0.2 |
| Business and other support services | 2.1 | 1.9 |
| Special Schools | 2.2 | 1.9 |
| Interest Expense | 0.1 | 0.0 |
| Unallocated depreciation | 2.1 | 2.1 |
| | <hr/> | <hr/> |
| Total expenses | 51.6 | 46.1 |
| | <hr/> | <hr/> |
| Increase in net position | \$ 0.5 | \$0.7 |
| | <hr/> | <hr/> |

The 2014-15 school year provided a \$0.5 million increase in net position. The District is always focused on controlling its costs and its efforts are reflected in total expenditures under its control that increased by just over 1.2% from fiscal year when adjusted for the increase \$4.1 million in expenditures made on-behalf of the District by the State for pension, retiree medical expenses and employer share of social security. Other increases in expenses were attributed to purchasing of computers for PARCC testing and additional vocational spending from an increase in federal grant funds. Included in the State Aid number is the TPAF, Pension and Social Security Employer Share. The increase from 2013/14 to 2014/15 can be attributed to the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. Under the new GASB Statements, the District records the on-behalf pension expense and revenue for contributions incurred by the State as calculated by an actuary. The increase in state aid was \$4,327,636, of which \$4,024,631 was directly related to on-behalf payments made by the State for pension, retiree medical expenses and employer share of social security.

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, 2015 | June 30, 2014 |
|---|------------------|------------------|
| | <hr/> | <hr/> |
| Program Revenues | | |
| Charges for services | \$239.1 | \$230.0 |
| Federal and state reimbursement program | 453.6 | 448.7 |
| | <hr/> | <hr/> |
| Total revenue | 692.7 | 678.7 |
| | <hr/> | <hr/> |
| Functions/Programs | | |
| Food Services | 642.3 | 682.7 |
| | <hr/> | <hr/> |
| Total expenses | 642.3 | 682.7 |
| | <hr/> | <hr/> |

(Decrease) Increase in net position \$50.4 \$ (4.0)

The food service program is run by the Aramark Corporation. Aramark is a food service management company and its relationship with the District has existed for over 20 years. While the District's management works as an oversight and retains final responsibility, Aramark is responsible for the daily operations. Under their supervision, the expenses and revenues have remained consistent and the facility operations efficient. For the 2015 fiscal year, operating revenues increased due to an increase in volume along with an increase of the reimbursable meals. Operating expenses decreased mainly in salary and benefits from retirements of food service employees who were making higher salaries. 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 2015 and 2014 fiscal years respectively.

INDIVIDUAL FUND FINANCES

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

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

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

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

(A) The following schedule presents a summary of the general fund, special revenue fund and capital projects fund revenues for the fiscal year ended June 30, 2015 and increases and decreases as compared to the prior year

| Revenue | Amount | Percent of Total | Increase | Percent of Increase |
|-----------------|----------------------|---------------------|---------------------|------------------------|
| Local Sources | \$28,794,022 | 59.84% | \$ 435,499 | 1.5% |
| State Sources | 17,179,597 | 35.71 | 654,818 | 4.0 |
| Federal Sources | <u>2,143,154</u> | <u>4.45</u> | <u>401,953</u> | <u>2.31</u> |
| Total: | <u>\$ 48,116,773</u> | <u>100.00%</u> | <u>\$ 1,492,270</u> | <u>3.20%</u> |

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

Revenue from State Sources increased with some additional state aid received from the Department of Education. The majority of the increase was a combination of capital grant funding and on behalf pension aid.

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

(B) The following schedule presents a summary of general fund, special revenue fund and capital projects fund expenditures for the fiscal year ended June 30, 2015, and the percentages of total increases and decreases as compared to the prior year.

| Expenditures | Amount | Percent of Total | Increase | Percent of Increase |
|----------------------------|----------------------|------------------|--------------------|---------------------|
| Current Expense: | | | | |
| Instruction | \$ 15,088,659 | 29.48% | \$ 518,734 | 3.56% |
| Undistributed Expenditures | 28,040,882 | 54.80 | 642,646 | 2.34 |
| Capital Outlay | 6,678,510 | 13.05 | 3,723,982 | 126.04 |
| Special Schools | <u>1,364,652</u> | <u>2.67</u> | <u>19,070</u> | <u>1.42</u> |
| Total: | <u>\$ 51,172,703</u> | <u>100.00%</u> | <u>\$4,904,432</u> | <u>10.60%</u> |

The increase in instructional expenses can be related to normal contractual increases in instructional salaries. There also was an increase in instructional supplies from the ongoing purchase of classroom technology.

Support expenses increased from the prior year. Total fringe benefit cost increased in conjunction with health benefits, pension, and social security.

Capital outlay expenses increased with the start of the Energy Saving Improvement Plan construction.

Special Schools expense increased slightly from the prior year.

BUDGET ANALYSIS

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

Revenue:

1. Taxes were collected and received in the amount budgeted for.
2. Interest earned was received under budget as interest rates remain extremely low and the cost of bank services increase.
3. Tuition collections were under amounts budgeted. Actual revenue decreased over the prior year due to a decrease in LPN and Cosmetology enrollment.

4. Miscellaneous revenue collections were received under budget. Fees for the use of the District's facilities and evening school registration fees were both lower than expected.

Expenditures:

Original Budget vs. Final Budget

1. The majority of variances between original and final budget can be explained by prior year encumbrances. Items that were ordered in the prior year and received in this fiscal year are rolled over into the current budget through the transfer line. These items increase the final appropriation and are spent through the current budget.
2. Transfers were made in regular instruction resulting from an unanticipated increase in substitutes and extra duty pay.
3. Amounts budgeted for vocational instruction as well as instructional support services were in excess of the resources needed mainly due to some retirements, less funds needed for extra duty, and funds for supplies not needed which allowed for transfers to other accounts.
4. Facility maintenance and grounds needed additional resources to properly maintain the district's buildings, infrastructure, and athletic fields.
5. Amounts budgeted for electric exceeded requirements due to cost savings through cooperative purchasing which allowed transfers to other accounts.
6. Additional resources were needed for student transportation to offset cost and volume with regards to field trips.
7. Fringe benefit costs increased over the prior year and additional funding was needed for an increase in workers compensation reserves and tuition reimbursement.
8. Amounts budgeted for special schools evening school instruction was in excess of the resources needed mainly due to a decrease in demand of some programs which allowed for transfers to other accounts.

Final Budget vs. Actual

1. The majority of variances between final budget and actual can be explained by encumbrances. These reserves recognize goods and services ordered as of year end but not received. While this amount is shown as reserved in the statement of net position, the encumbrances are not reflected on schedule C-1 (pgs. 59-64), the budgetary comparison schedule.
2. Expenditures in various salary accounts, both instruction and support, were lower than expected. A significant amount of retirements and staff changes after the budget was finalized accounted for the disparity between budget and actual.
3. Tuition reimbursement came in higher than expected due to more classes taken. .
4. Conservative estimates on electric resulted in a surplus of funds in the plant accounts.
5. Environmental professional services with regard to our Perth Amboy Campus were lower than expected.
6. Transportation service came in lower than anticipated due to less athletic and field trips taken.
7. Workers compensation claim expense came in higher than anticipated due to an increase in our reserve.

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, 2015, capital assets for the district totaled \$70.1 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, 2015
(In Millions)

| | <u>Governmental Activities</u> |
|------------------------------------|------------------------------------|
| Land and site improvements | \$ 11.3 |
| Building and building improvements | 50.5 |
| Furniture and equipment | 4.0 |
| Construction-in-progress | <u>4.3</u> |
| | <u>\$ 70.1</u> |

The net investment in capital assets increased 1.9% from the prior year. That increase included depreciation expense of \$2.73 million offset by additions recorded in the amount of \$6.48 million and net of related debt of \$2.51 million. The following is the detail of those additions:

| | <u>Additions (in millions)</u> |
|----------------------------|------------------------------------|
| Piscataway Athletic Field | \$1.12 |
| East Brunswick Server Room | .12 |
| East Brunswick Science Lab | 1.14 |
| Security Upgrades | .28 |
| Construction in Progress | 3.28 |
| Equipment | <u>.54</u> |
| | <u>\$6.48</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, 2015 relates to the State of New Jersey's Public Employment Retirement System. The majority of the debt represents the District's share of its net pension liability. A small portion comes from funds borrowed for an early incentive retirement program. Both payments are made annually for each item.

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

Finance continues to be an area of consideration due to the economic uncertainty the state and county are facing. While state aid in the past had remained fairly consistent with small formula based increases over the years, there is no indication of how schools will be funded in the future at the State level. The district did have a small increase in 2014-15 from the PARCC readiness and per pupil growth and 2015-16 an increase for our adult students. On the local level the state has imposed restrictions with regard to the amounts municipalities and county governments can increase local tax levies. In our case this will continue to limit any additional funding from our county funding source. The message is clear, revenue is scarce and we cannot continue to rely on an over burden tax base. In these tough economic times, State and Local Officials have required that Districts look at efficiencies and shared services to reduce expense budgets to offset cuts rather than replace revenue. With that in mind, New Jersey School Districts may be fiscally challenged in the near future and may be forced into more staff reductions as well as imposing the "do more with less" mentality.

Another area that continues to be challenging is enrollment. As we have seen the fruits of our labor with regard to enrollment and interest at the new academies, revitalization of existing programs as well as new offerings will be essential to the recruitment process at the larger campuses. The real challenge will be updating programs and introducing new areas in an environment of dwindling resources. Sustained growth and increased efficiency will be the key to the vocational school's financial viability and overall success.

Lastly the state's new PARCC student assessment started this fiscal year. Unlike the HSPA assessment, PARCC testing will be all completed through technology rather than the traditional paper score sheets. Sensing the gravity of the task and the resources required, the state has distributed minimum requirements in technology infrastructure and hardware requirement to support this initiative at the local level. Over the 2013-14 and 2014-15 school years, the district has already directed resources to upgrade our local network and update the district's computer hardware. Continued support for this monumental task will be needed over the next few years.

FINANCIAL MANAGEMENT CONTACT

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2015.

**The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Position
June 30, 2015**

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|--------------------------------------|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 11,516,861 | | \$ 11,516,861 |
| Internal balances | (103,314) | \$ 103,314 | - |
| Accounts receivable | 3,827,942 | 35,474 | 3,863,416 |
| Inventory | | 9,230 | 9,230 |
| Other asset | 102 | | 102 |
| Restricted assets: | | | |
| Capital reserve account - cash | 100 | | 100 |
| Capital assets, non-depreciable | 11,620,707 | | 11,620,707 |
| Capital assets, depreciable, net | 58,423,328 | 25,609 | 58,448,937 |
| Total Assets | <u>85,285,726</u> | <u>173,627</u> | <u>85,459,353</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Pension deferrals | <u>1,060,408</u> | | <u>1,060,408</u> |
| LIABILITIES | | | |
| Accounts payable | 1,198,349 | 56,085 | 1,254,434 |
| Accrued Interest Payable | 53,756 | | 53,756 |
| Payable to other governments | 93,701 | | 93,701 |
| Insurance claims payable | 192,244 | | 192,244 |
| Other payables | 7,960 | 274 | 8,234 |
| Unearned revenue | 17,499 | 740 | 18,239 |
| Net pension liability | 13,368,298 | | 13,368,298 |
| Noncurrent liabilities: | | | |
| Due within one year | 299,277 | | 299,277 |
| Due beyond one year | 12,623,195 | | 12,623,195 |
| Total liabilities | <u>27,854,279</u> | <u>57,099</u> | <u>27,911,378</u> |
| DEFERRED INFLOW OF RESOURCES | | | |
| Pension deferrals | <u>796,678</u> | | <u>796,678</u> |
| NET POSITION | | | |
| Net investment in capital assets | 67,537,157 | 25,609 | 67,562,766 |
| Restricted for: | | | |
| Capital projects | 3,068,250 | | 3,068,250 |
| Other purposes | 158,427 | | 158,427 |
| Unrestricted (deficit) | (13,068,657) | 90,919 | (12,977,738) |
| Total net position | <u>\$ 57,695,177</u> | <u>\$ 116,528</u> | <u>\$ 57,811,705</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, 2015

| 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 | \$ 9,948,028 | | \$ 601,527 | | \$ (9,346,501) | | \$ (9,346,501) |
| Other special instruction | 191,623 | | | | (191,623) | | (191,623) |
| Vocational | 12,585,189 | | 946,206 | | (11,638,983) | | (11,638,983) |
| Other instruction | 868,378 | | | | (868,378) | | (868,378) |
| Support services: | | | | | | | |
| Support services | 6,509,940 | | 541,513 | | (5,968,427) | | (5,968,427) |
| General administrative services | 1,603,265 | | | | (1,603,265) | | (1,603,265) |
| School administrative services | 4,383,951 | | | | (4,383,951) | | (4,383,951) |
| Plant operations and maintenance | 8,833,953 | | | \$ 97,659 | (8,736,294) | | (8,736,294) |
| Pupil transportation | 183,989 | | | | (183,989) | | (183,989) |
| Business and other support services | 2,099,542 | | | | (2,099,542) | | (2,099,542) |
| Special schools | 2,210,559 | | | | (2,210,559) | | (2,210,559) |
| Interest expense | 53,756 | | | | (53,756) | | (53,756) |
| Unallocated depreciation | 2,135,750 | | | | (2,135,750) | | (2,135,750) |
| Total governmental activities | <u>51,607,923</u> | | <u>2,089,246</u> | <u>97,659</u> | <u>(49,421,018)</u> | | <u>(49,421,018)</u> |
| Business-type activities: | | | | | | | |
| Food Service | 642,294 | \$ 239,175 | 453,553 | - | | \$ 50,434 | 50,434 |
| Total business-type activities | <u>642,294</u> | <u>239,175</u> | <u>453,553</u> | <u>-</u> | | <u>50,434</u> | <u>50,434</u> |
| Total primary government | <u>\$ 52,250,217</u> | <u>\$ 239,175</u> | <u>\$ 2,542,799</u> | <u>\$ 97,659</u> | <u>(49,421,018)</u> | <u>50,434</u> | <u>(49,370,584)</u> |
| General revenues: | | | | | | | |
| | | | | | 24,435,550 | | 24,435,550 |
| | | | | | 21,160,476 | | 21,160,476 |
| | | | | | 3,100,000 | | 3,100,000 |
| | | | | | 624,349 | | 624,349 |
| | | | | | 190 | | 190 |
| | | | | | 633,934 | | 633,934 |
| | | | | | <u>49,954,499</u> | | <u>49,954,499</u> |
| | | | | | 533,481 | 50,434 | 583,915 |
| | | | | | <u>57,161,696</u> | <u>66,094</u> | <u>57,227,790</u> |
| Net Position—beginning of year (as restated) | | | | | <u>\$ 57,695,177</u> | <u>\$ 116,528</u> | <u>\$ 57,811,705</u> |
| Net Position—end of year | | | | | | | |

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, 2015

| | Major Funds | | | Total Governmental Funds |
|---|---------------------|----------------------------|-----------------------------|--------------------------------|
| | General Fund | Special Revenue Fund | Capital Projects Fund | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,723,739 | | \$ 8,793,122 | \$ 11,516,861 |
| Accounts receivable: | | | | |
| Interfunds | 329,990 | | 178,176 | 508,166 |
| Federal | | \$ 470,064 | | 470,064 |
| State | 62,072 | 29,284 | 191,360 | 282,716 |
| Other governments | 116,280 | 84,808 | 2,800,000 | 3,001,088 |
| Other | 74,074 | | | 74,074 |
| Other asset | | 30 | 72 | 102 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 100 | | | 100 |
| Total assets | <u>\$ 3,306,255</u> | <u>\$ 584,186</u> | <u>\$ 11,962,730</u> | <u>\$ 15,853,171</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 373,301 | \$ 187,962 | \$ 7,657 | \$ 568,920 |
| Intergovernmental payables: | | | | |
| Other governments | | | 93,701 | 93,701 |
| Interfunds payable | 218,322 | 393,533 | | 611,855 |
| Insurance claims payable | 192,244 | | | 192,244 |
| Other payables | 7,493 | 92 | | 7,585 |
| Unearned revenue | 14,900 | 2,599 | | 17,499 |
| Total liabilities | <u>806,260</u> | <u>584,186</u> | <u>101,358</u> | <u>1,491,804</u> |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Capital reserve account | 100 | | | 100 |
| Capital projects | | | 11,861,372 | 11,861,372 |
| Excess Surplus - current year | 89,349 | | | 89,349 |
| Excess Surplus - prior year | 68,978 | | | 68,978 |
| Assigned to: | | | | |
| Designated for subsequent years expenditures | 1,131,022 | | | 1,131,022 |
| ARRA/SEMI Designated for subsequent years expenditures | 20,338 | | | 20,338 |
| Other Purposes | 171,817 | | | 171,817 |
| Unassigned | 1,018,391 | | | 1,018,391 |
| Total fund balances | <u>2,499,995</u> | | <u>11,861,372</u> | <u>14,361,367</u> |
| Total liabilities and fund balances | <u>\$ 3,306,255</u> | <u>\$ 584,186</u> | <u>\$ 11,962,730</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 \$ 121,488,144 and the accumulated depreciation is \$51,444,109 (see Note 4). | 70,044,035 |
| 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 | (53,756) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 5). | (12,922,472) |
| Deferred pension costs in governmental activities are not resources and are therefore not reported in the funds. | 263,730 |
| Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. | (13,368,298) |
| Accrued pension contributions for the June 30, 2015 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. | (629,429) |
| Net position of governmental activities | <u>\$ 57,695,177</u> |

See accompanying notes to the basic financial statements.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

| | Major Funds | | | Total Governmental Funds |
|---|-----------------|----------------------------|-----------------------------|--------------------------------|
| | General Fund | Special Revenue Fund | Capital Projects Fund | |
| REVENUES | | | | |
| Local sources: | | | | |
| Local tax levy | \$ 24,435,550 | | | \$ 24,435,550 |
| County capital contribution | | | \$ 3,100,000 | 3,100,000 |
| Tuition charges | 624,349 | | | 624,349 |
| Interest earned | | | 190 | 190 |
| Miscellaneous | 474,096 | \$ 158,837 | 1,000 | 633,933 |
| Total local sources | 25,533,995 | 158,837 | 3,101,190 | 28,794,022 |
| State sources | 16,898,617 | 183,321 | 97,659 | 17,179,597 |
| Federal sources | 63,786 | 2,079,368 | | 2,143,154 |
| Total revenues | 42,496,398 | 2,421,526 | 3,198,849 | 48,116,773 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Regular instruction | 5,664,546 | 513,974 | | 6,178,520 |
| Other special instruction | 114,223 | | | 114,223 |
| Vocational education | 7,320,930 | 893,065 | | 8,213,995 |
| Other instruction | 581,921 | | | 581,921 |
| Support services and undistributed costs: | | | | |
| Support Services | 3,609,743 | 466,378 | | 4,076,121 |
| General administrative services | 1,180,438 | | | 1,180,438 |
| School administrative services | 2,618,894 | | | 2,618,894 |
| Plant operations and maintenance | 6,748,295 | | | 6,748,295 |
| Pupil transportation | 183,989 | | | 183,989 |
| Business and other support services | 1,409,313 | | | 1,409,313 |
| Unallocated benefits | 11,608,002 | 215,830 | | 11,823,832 |
| Capital outlay | 98,382 | 332,279 | 6,247,849 | 6,678,510 |
| Special schools | 1,364,652 | | | 1,364,652 |
| Total expenditures | 42,503,328 | 2,421,526 | 6,247,849 | 51,172,703 |
| (Deficiency) of revenues (under) expenditures | (6,930) | - | (3,049,000) | (3,055,930) |
| OTHER FINANCING SOURCES | | | | |
| Lease Purchase Proceeds | | | 11,300,000 | 11,300,000 |
| Total other financing sources | - | - | 11,300,000 | 11,300,000 |
| Net change in fund balances | (6,930) | - | 8,251,000 | 8,244,070 |
| Fund balance, July 1 | 2,506,925 | - | 3,610,372 | 6,117,297 |
| Fund balance, June 30 | \$ 2,499,995 | \$ - | \$ 11,861,372 | \$ 14,361,367 |

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).

**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, 2015**

Total net change in fund balances - governmental funds (from B-2) **\$ 8,244,070**

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 | \$ 6,580,128 | |
| | Depreciation expense | <u>(2,834,286)</u> | 3,745,842 |

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. (53,756)

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. 155,000

Proceeds from capital leases are a financing source in the governmental funds. They are not revenue in the statement of net position; capital leases increase long-term liabilities in the statement of net position. (11,300,000)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (157,349)

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

| | | | |
|--|-----------------|------------------|--|
| | Pension expense | <u>(100,326)</u> | |
|--|-----------------|------------------|--|

Change in net position of governmental activities (A-2) **\$ 533,481**

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, 2015

| | Major Fund |
|----------------------------------|-------------------------|
| | Food Service |
| ASSETS | |
| Current assets: | |
| Accounts receivable: | |
| State | \$ 761 |
| Federal | 34,713 |
| Interfund | 103,314 |
| Inventory | 9,230 |
| Total current assets | 148,018 |
| Noncurrent assets: | |
| Capital assets: | |
| Furniture, machinery & equipment | 55,159 |
| Less accumulated depreciation | (29,550) |
| Total capital assets, net | 25,609 |
| Total assets | 173,627 |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 56,085 |
| Unearned revenue | 740 |
| Other payables | 274 |
| Total current liabilities | 57,099 |
| NET POSITION | |
| Net investment in capital assets | 25,609 |
| Unrestricted | 90,919 |
| Total net position | \$ 116,528 |

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, 2015

| | Major Fund |
|---|-------------------|
| | Food |
| | Service |
| Operating revenues: | |
| Charges for services: | |
| Daily sales - reimbursable programs | \$ 102,256 |
| Daily sales - non-reimbursable programs | 114,167 |
| Special functions | 22,752 |
| Total operating revenues | 239,175 |
| Operating expenses: | |
| Salaries | 328,348 |
| Cost of sales | 197,718 |
| Other purchased services | 68,464 |
| General supplies | 45,016 |
| Depreciation | 2,539 |
| Other expenses | 209 |
| Total operating expenses | 642,294 |
| Operating (loss) | (403,119) |
| Nonoperating revenues: | |
| State sources: | |
| State school lunch program | 7,204 |
| Federal sources: | |
| National school lunch program | 311,538 |
| PB lunch - HHFKA | 8,183 |
| National school breakfast program | 101,124 |
| Food donation program | 25,504 |
| Total nonoperating revenues | 453,553 |
| Change in net position | 50,434 |
| Total net position—beginning of year | 66,094 |
| Total net position—end of year | \$ 116,528 |

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, 2015

| | Major Fund |
|---|---------------------|
| | Food Service |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers | \$ 247,023 |
| Payments to employees | (328,348) |
| Payments to suppliers | (314,601) |
| Net cash used in operating activities | (395,926) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Cash received from state reimbursements | 7,409 |
| Cash received from federal reimbursements | 450,328 |
| Cash disbursed to other funds | (41,720) |
| Net cash provided by noncapital financing activities | 416,017 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchases of capital assets | (20,091) |
| Net cash used in capital and related financing activities | (20,091) |
| 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 | \$ (403,119) |
| Adjustments to reconcile operating loss to net cash (used in) operating activities: | |
| Depreciation | 2,539 |
| Decrease in other receivables | 7,108 |
| (Increase) in inventories | (2,988) |
| Increase in unearned revenue | 740 |
| Increase in other liabilities | 76 |
| (Decrease) in accounts payable | (282) |
| Total adjustments | 7,193 |
| Net cash (used in) operating activities | \$ (395,926) |

The District received \$25,504 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2015.

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, 2015

| | Private-Purpose Scholarship Fund | Agency Fund |
|---|-------------------------------------|----------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 6,841 | \$ 475,633 |
| Interfund receivable | | 375 |
| Total assets | 6,841 | \$ 476,008 |
| LIABILITIES | | |
| Due to student groups | | \$ 115,742 |
| Payroll deductions and withholdings payable | | 360,266 |
| Total liabilities | | \$ 476,008 |
| NET POSITION | | |
| Held in trust for scholarships | \$ 6,841 | |

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, 2015

| | Private-Purpose Scholarship Fund |
|------------------------------------|-------------------------------------|
| ADDITIONS | |
| Investment earnings: | |
| Interest | \$ 1 |
| Total additions | 1 |
| DEDUCTIONS | |
| Bank service charges | 190 |
| Total deductions | 190 |
| Change in net position | (189) |
| Net position—beginning of the year | 7,030 |
| Net position—end of the year | \$ 6,841 |

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, 2015

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, 2015

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

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

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

B. Government-wide and fund financial statements

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

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

The District reports the following major proprietary fund:

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

Additionally, the District reports the following fiduciary fund types:

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control

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

Budget amendments during the year ended June 30, 2015 were not significant and approved by the Board and the New Jersey Department of Education where required.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last two state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Cash, Cash Equivalents and Investments

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

F. Interfund Receivables/Payables

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

G. Inventories

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

H. Capital Assets

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

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

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

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

I. Compensated Absences

A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

The liability for vested compensated absences of the governmental fund is recorded as a liability in the government-wide financial statements and amounted to \$1,282,472 at June 30, 2015. 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 2015 programs received prior to June 30, 2015.

K. Long-Term Obligations

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances

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

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

L. Fund Balances (continued)

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

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

Of the \$2,499,995 of fund balances in the General Fund, \$171,817 of encumbrances is assigned to other purposes, \$100 has been restricted for the capital reserve, \$89,349 has been restricted for excess surplus – current year, \$68,978 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$1,151,360 has been classified as assigned fund balance designated for subsequent years expenditures and \$1,018,391 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, 2015 was \$158,327. Of this amount, \$68,978 has been appropriated in the 2015-2016 budget and the remaining \$89,349 will be required to be appropriated in the 2016-2017 budget.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

N. Net Position

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net assets to what is now referred to as the statement of net position and the term “net assets” is changed to “net position” throughout the financial statements.

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

O. Management Estimates

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

P. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$4,024,631 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District’s annual budget.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

Q. GASB Pronouncements

GASBs Implemented in the 2015 Fiscal Year

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (“GASB No. 68”). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement replaces the requirement of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68* (“GASB 71”). The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning the transition provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employers and nonemployer contributing entities. The requirements of this Statement will eliminate the source of a potential understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of

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, 2015

1. Summary of Significant Accounting Policies (continued)

the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts

R. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2015 and December 18, 2015, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

2. Reconciliation of Government-Wide and Fund Financial Statements

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

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

| | |
|--|----------------------|
| Unfunded Pension - County | \$ 340,000 |
| Compensated absences | 1,282,472 |
| Lease purchase obligations | <u>11,300,000</u> |
| Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities | <u>\$ 12,922,472</u> |

3. Deposits and Investments

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

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

3. Deposits and Investments (continued)

Deposits

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

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

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

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

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

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by commercial banking institutions. At June 30, 2015, the District's carrying amount of deposits was \$11,999,436 and the bank balance was \$12,309,777. 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 \$11,288,060. \$521,717 held in the District agency accounts are not covered by GUDPA.

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

3. Deposits and Investments (continued)

Deposits (continued)

Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

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

Investments

New Jersey statutes permit the Board to purchase the following types of investments; however there are no investments held by the District at June 30, 2015:

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2015:

| | Beginning Balance | Increases | Transfers/ Disposals | Ending Balance |
|---|----------------------|--------------|-------------------------|-------------------|
| Governmental activities: | | | | |
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$7,307,200 | | | \$7,307,200 |
| Construction in progress | 1,036,963 | \$ 4,106,173 | \$ (829,629) | 4,313,507 |
| Total capital assets, not being depreciated | 8,344,163 | 4,106,173 | (829,629) | 11,620,707 |
| <i>Capital assets, being depreciated:</i> | | | | |
| Site improvements | 6,317,332 | | | 6,317,332 |
| Buildings & building improvements | 83,068,603 | 2,658,870 | | 85,727,473 |
| Machinery and equipment | 17,278,866 | 644,714 | (100,948) | 17,822,632 |
| Total capital assets, being depreciated | 106,664,801 | 3,303,584 | (100,948) | 109,867,437 |
| <i>Less accumulated depreciation for:</i> | | | | |
| Site improvements | (3,190,069) | (285,776) | | (3,475,845) |
| Buildings & building improvements | (32,257,708) | (1,849,974) | | (34,107,682) |
| Machinery and equipment | (13,262,994) | (698,536) | 100,948 | (13,860,582) |
| Total accumulated depreciation | (48,710,771) | (2,834,286) | 100,948 | (51,444,109) |
| Total capital assets, being depreciated, net | 57,954,030 | 469,298 | | 58,423,328 |
| Governmental activities capital assets, net | \$ 66,298,193 | \$ 4,575,471 | \$ (829,629) | \$ 70,044,035 |

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

| | |
|----------------------------------|---------------------|
| Regular instruction | \$ 148,741 |
| Vocational instruction | 197,743 |
| Support services | 98,128 |
| School administrative services | 63,047 |
| General administrative services | 28,418 |
| Plant operations and maintenance | 162,458 |
| Unallocated depreciation | 2,135,751 |
| | <u>\$ 2,834,286</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, 2015

4. Capital Assets (continued)

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2015:

| | Beginning | Increases | Ending |
|--|------------------|------------------|------------------|
| | Balance | Increases | Balance |
| <i>Capital assets being depreciated:</i> | | | |
| Equipment | \$ 35,068 | \$ 20,091 | \$ 55,159 |
| Less accumulated depreciation | (27,011) | (2,539) | (29,550) |
| Total business-type activities | | | |
| capital assets, net | <u>\$ 8,057</u> | <u>\$ 17,552</u> | <u>\$ 25,609</u> |

5. Long-Term Liabilities

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

| | Beginning | Additions | Reductions | Ending | Due Within |
|-----------------------------------|---------------------|----------------------|---------------------|----------------------|-------------------|
| | Balance | Additions | Reductions | Balance | One Year |
| Governmental activities: | | | | | |
| Compensated absences payable | \$ 1,125,123 | \$ 353,016 | \$ (195,667) | \$ 1,282,472 | \$ 134,277 |
| Unfunded pension liability-county | 495,000 | | (155,000) | 340,000 | 165,000 |
| Lease purchase | | 11,300,000 | | 11,300,000 | |
| Governmental activity | | | | | |
| Long-term liabilities | <u>\$ 1,620,123</u> | <u>\$ 11,653,016</u> | <u>\$ (350,667)</u> | <u>\$ 12,922,472</u> | <u>\$ 299,277</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, 2015

5. Long-Term Liabilities (continued)

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

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

| Fiscal Year Ending June 30: | Amount |
|---|------------|
| 2016 | \$ 178,287 |
| 2017 | 179,515 |
| Total minimum pension payments | 357,802 |
| Less: amount representing interest | 17,802 |
| Present value of net minimum pension payments | \$ 340,000 |

Bonds Payable and Bonds Authorized but Not Issued

As of June 30, 2015, the District had no bonds payable and no authorized but not issued bonds.

Debt issued by the County of Middlesex

Bonds for capital improvements are authorized in accordance with State law by the County of Middlesex Board of Chosen Freeholders by adopting a bond ordinance. All bonds are retired in serial installments with the statutory period of usefulness. Bonds issued by the County of Middlesex are general obligation bonds of the County of Middlesex and therefore are not recorded as debt of the District. As of June 30, 2015, debt outstanding and recorded in the financial statements of the County of Middlesex related to the District amounted to \$25,670,000.

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, 2015

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 will commence 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, 2015 are:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|---|----------------------|
| 2016 | \$ 65,614 |
| 2017 | 557,537 |
| 2018 | 909,370 |
| 2019 | 868,831 |
| 2020 | 661,420 |
| 2021 through 2022 | <u>11,623,673</u> |
| Total Minimum Lease Payments | \$ 14,686,445 |
| Less: Amount representing interest | <u>(3,386,445)</u> |
| Present Value of Net Minimum Lease Payments | <u>\$ 11,300,000</u> |

All lease purchase obligations are presented on schedule I-2 in 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, 2015

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, 2015

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2015, the State of New Jersey contributed \$2,424,944 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 \$1,290,293 during the year ended June 30, 2015 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, 2015, 2014, and 2013 were \$586,623, \$537,500, and \$547,852, 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, 2015, the District reported a liability of \$13,368,298 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2013, which was rolled forward to June 30, 2014. 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, 2014, the District's proportion was 0.0714014190 percent, which was an increase of 0.0000657096 from its proportion measured as of June 30, 2013. For the year ended June 30, 2015, the District recognized full accrual pension expense of \$688,949 in the government-wide financial statements. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

6. Pension Plans (continued)

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Changes of assumptions | \$ 420,371 | - |
| Net difference between projected and actual earnings on pension plan investments | - | \$ (796,678) |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 10,608 | - |
| District contributions subsequent to the measurement date | 629,429 | - |
| | <u>\$ 1,060,408</u> | <u>\$ (796,678)</u> |

\$629,429 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: | |
|----------------------------|---------------------|
| 2016 | \$ (119,946) |
| 2017 | (119,946) |
| 2018 | (119,945) |
| 2019 | (119,946) |
| 2020 | 79,225 |
| Thereafter | 34,859 |
| | <u>\$ (365,699)</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, 2015

6. Pension Plans (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--------------|
| Inflation rate | 3.01% |
| Salary increases | |
| 2012-2021 | 2.15 - 4.40% |
| | based on age |
| Thereafter | 3.15 - 5.40% |
| | based on age |
| Investment rate of return | 7.90% |

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

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, 2015

6. Pension Plans (continued)

Long-Term Rate of Return (continued)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------------|------------------------------|---|
| Cash | 6.00% | 0.80% |
| Core Bonds | 1.00% | 2.49% |
| Intermediate-Term Bonds | 11.20% | 2.26% |
| Mortgages | 2.50% | 2.17% |
| High Yield Bonds | 5.50% | 4.82% |
| Inflation-Indexed Bonds | 2.50% | 3.51% |
| Broad US Equities | 25.90% | 8.22% |
| Developed Foreign Markets | 12.70% | 8.12% |
| Emerging Market Equities | 6.50% | 9.91% |
| Private Equity | 8.25% | 13.02% |
| Hedge Funds / Absolute Return | 12.25% | 4.92% |
| Real Estate (Property) | 3.20% | 5.80% |
| Commodities | 2.50% | 5.35% |
| | 100.00% | |

Discount rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2015

6. Pension Plans (continued)

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2014 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

| | At 1% Decrease (4.39%) | At Current Discount Rate (5.39%) | At 1% Increase (6.39%) |
|--|------------------------------|--|------------------------------|
| District's proportionate share of the net pension liability | \$ 16,817,774 | \$ 13,368,298 | \$ 10,471,616 |

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 at June 30, 2014 are as follows:

| | |
|--|-------------------|
| Collective deferred outflows of resources | \$ 1,452,705,538 |
| Collective deferred inflows of resources | \$ 2,135,560,656 |
| Collective net pension liability - Local Group | \$ 18,722,735,003 |
| District's Proportion | 0.0714014190% |

Collective pension expense for the Local Group for the measurement period ended June 30, 2014 is \$968,532,408.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 6.44 years.

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, 2015

6. Pension Plans (continued)

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, 2014 was \$92,210,805. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. 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, 2014, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1725283819 percent, which was a decrease of 0.0105484843 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$4,961,807 for contributions incurred by the State.

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, 2015

6. Pension Plans (continued)

Actuarial assumptions

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

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

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

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 is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------|----------------------|---|
| Cash | 6.00% | 0.50% |
| Core Fixed Income | 0.00% | 2.19% |
| Core Bonds | 1.00% | 1.38% |
| Short-Term Bonds | 0.00% | 1.00% |
| Intermediate-Term Bonds | 11.20% | 2.60% |
| Long-Term Bonds | 0.00% | 3.23% |
| Mortgages | 2.50% | 2.84% |
| High Yield Bonds | 5.50% | 4.15% |
| Non-US Fixed Income | 0.00% | 1.41% |
| Inflation-Indexed Bonds | 2.50% | 1.30% |
| Broad US Equities | 25.90% | 5.88% |
| Large Cap US Equities | 0.00% | 5.62% |
| Mid Cap US Equities | 0.00% | 6.39% |
| Small Cap US Equities | 0.00% | 7.39% |
| Developed Foreign Equities | 12.70% | 6.05% |
| Emerging Market Equities | 6.50% | 8.90% |
| Private Equity | 8.25% | 9.15% |
| Hedge Fund / Absolute Return | 12.25% | 3.85% |
| Real Estate (Property) | 3.20% | 4.43% |
| Real Estate (REITS) | 0.00% | 5.58% |
| Commodities | 2.50% | 3.60% |
| Long Credit Bonds | 0.00% | 3.74% |
| | 100.00% | |

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, 2015

6. Pension Plans (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

| | At 1% Decrease (3.68%) | At Current Discount Rate (4.68%) | At 1% Increase (5.68%) |
|---|---------------------------------------|---|---------------------------------------|
| State's proportionate share of the net pension liability associated with the District | \$ 110,905,376 | \$ 92,210,805 | \$ 76,661,812 |

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial 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, 2015

6. Pension Plans (continued)

Additional Information

Collective balances at June 30, 2014 are as follows:

| | | |
|--|----|----------------|
| Collective deferred outflows of resources | \$ | 2,389,959,068 |
| Collective deferred inflows of resources | \$ | 1,846,540,800 |
| Collective net pension liability - Local Group | \$ | 53,813,067,539 |

| | |
|---|---------------|
| State's proportionate share associated with the District | 0.1725283819% |
|---|---------------|

Collective pension expense for the plan for the measurement period ended June 30, 2014 is \$2,906,835,786. The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2013 (the beginning of the measurement period ended June 30, 2014) is 8.5 years.

7. Post-Retirement Benefits

Plan Description

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

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, 2015

7. Post-Retirement Benefits (continued)

Funding Policy

P.L. 1987, chapter 384 and P.L. 1990, and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014. The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the SEHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2015, 2014 and 2013 were \$1,487,768, \$1,196,704, and \$1,337,630 respectively, which equaled the required contributions for each year. The State's contributions to the SEHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

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
of the Vocational and Technical High Schools
County of Middlesex

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

8. Risk Management (continued)

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

Medical Benefits

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

Worker's Compensation

The District was self-insured for its workers' compensation insurance through July 1, 2009. The claims administrator, Scibal Associates, established an annual rate based on expenses, projected claims and a margin for fluctuation, thereby providing a predictable monthly premium. Each month the District deposits this predetermined amount into an interest-bearing checking account. The claims are filed with Scibal and periodically the District pays those claims from this account. The cash balance in this workers' compensation account is reflected in the cash and cash equivalents and unassigned fund balance in the general fund at June 30, 2015.

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

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, 2015

8. Risk Management (continued)

Worker's Compensation (continued)

Changes in the District's insurance claims liability amount in fiscal years 2015, 2014, and 2013 were:

| | Beginning of Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at End of Year |
|---------|--|---|---------------------------|---------------------------------------|
| 2014-15 | \$ 125,139 | \$242,626 | \$ (175,521) | \$ 192,244 |
| 2013-14 | 167,535 | 3,686 | (46,082) | 125,139 |
| 2012-13 | 242,950 | 2,491 | (76,924) | 167,535 |

9. Deferred Compensation

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

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

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

10. Interfund Receivables and Payables

The total interfund accounts receivables and payables for the District are as follows at June 30, 2015:

| Fund | Interfund Receivable | Interfund Payable |
|--------------------------------|-------------------------|----------------------|
| General Fund | \$ 329,990 | \$ 218,322 |
| Special Revenue Fund | | 393,533 |
| Capital Projects Fund | 178,176 | |
| Enterprise Fund – food service | 103,314 | |
| Agency Fund | 375 | |
| | \$ 611,855 | \$611,855 |

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

All interfunds are expected to be repaid within one year.

11. Economic Dependency

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

12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), relating to its capital projects. The District is required to expend funds in accordance with its approved final eligible costs.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

12. Contingent Liabilities (continued)

The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired.

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

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

13. Capital Reserve Account

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by a Board approved transfer between June 1 and June 30 of each fiscal year. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2.

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

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2015

13. Capital Reserve Account-(continued)

Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The capital reserve balance at June 30, 2015 was \$100 and no deposits or withdrawals were made during the year ended June 30, 2015.

14. Restricted Assets

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

15. Commitments

The District has contractual commitments at June 30, 2015 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$171,817.

In addition, the District has \$10,857,806 of contractual commitments at June 30, 2015 to vendors related to the ongoing construction projects, recorded as restricted for capital projects, in the capital projects fund.

16. Change in Accounting Principle

Effective in the fiscal year ended June 30, 2015, the District implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. The implementation of the Statements required a restatement of prior year net position in the government-wide financial statements.

| | Governmental Activities |
|--|------------------------------------|
| Beginning Net Position - June 30, 2014 | \$ 70,795,367 |
| Adjustments: | |
| Recognition of Net Pension Liability | (13,633,671) |
| Deferred outflow for PERS FY2015 Pension Payment | 588,623 |
| Accounts Payable for PERS FY2015 Pension Payment | (588,623) |
| Adjustment | (13,633,671) |
| Beginning Net Position - June 30, 2014 (as restated) | \$ 57,161,696 |

Required Supplementary Information – Part II

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

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

Last Ten Fiscal Years*

| | Year Ended June 30, 2015 |
|---|-----------------------------|
| District's proportion of the net pension liability (asset) - Local Group | 0.0714014190% |
| District's proportionate share of the net pension liability (asset) | \$ 13,368,298 |
| District's covered-employee payroll | \$ 5,065,509 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 263.91% |
| Plan fiduciary net position as a percentage of the total pension liability - Local Group | 52.08% |

* 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.

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

| | Year Ended June 30, |
|---|---------------------|
| | 2015 |
| Contractually required contribution | \$ 629,429 |
| Contributions in relation to the contractually required contribution | (629,429) |
| Contribution deficiency (excess) | \$ - |
| District's covered-employee payroll | \$ 5,065,509 |
| Contributions as a percentage of covered-employee payroll | 12.43% |

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.

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*

| | Year Ended June 30, 2015 |
|--|-----------------------------|
| State's proportion of the net pension liability (asset) associated with the District - Local Group | 0.1725283819% |
| District's proportionate share of the net pension liability (asset) | \$ - |
| State's proportionate share of the net pension liability (asset) associated with the District | \$ 92,210,805 |
| Total proportionate share of the net pension liability (asset) associated with the District | \$ 92,210,805 |
| Plan fiduciary net position as a percentage of the total pension liability | 33.64% |

* 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.

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

Notes to Required Supplementary Information
Year Ended June 30, 2015

1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014.

2. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68%.

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, 2015

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|---------------|-----------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 24,435,550 | | \$ 24,435,550 | \$ 24,435,550 | |
| Tuition Charges | 821,660 | | 821,660 | 624,349 | \$ (197,311) |
| Miscellaneous | 515,900 | | 515,900 | 474,096 | (41,804) |
| Total - Local Sources | 25,773,110 | - | 25,773,110 | 25,533,995 | (239,115) |
| State Sources: | | | | | |
| Equalization Aid | 11,911,557 | | 11,911,557 | 11,911,557 | |
| Special Education Categorical Aid | 1,135,471 | | 1,135,471 | 1,135,471 | |
| Security Aid | 100,064 | | 100,064 | 100,064 | |
| PARCC Readiness Aid | 20,160 | | 20,160 | 20,160 | |
| Per Pupil Growth Aid | 20,160 | | 20,160 | 20,160 | |
| TPAF Pension (On-Behalf - Non-Budgeted) | | | | 2,424,944 | 2,424,944 |
| TPAF Social Security (Reimbursed - Non-Budgeted) | | | | 1,290,293 | 1,290,293 |
| Total State Sources | 13,187,412 | - | 13,187,412 | 16,902,649 | 3,715,237 |
| Federal Sources: | | | | | |
| Medicaid Reimbursement | 43,912 | | 43,912 | 39,063 | (4,849) |
| Medicaid Admin Clearing Reimbursement | | | | 4,385 | 4,385 |
| ARRA/SEMI - Medicaid Reimbursement | | | | 20,338 | 20,338 |
| Total Federal Sources | 43,912 | - | 43,912 | 63,786 | 19,874 |
| Total Revenues | 39,004,434 | - | 39,004,434 | 42,500,430 | 3,495,996 |
| EXPENDITURES: | | | | | |
| Current Expenditures: | | | | | |
| Regular Programs - Instruction | | | | | |
| Grades 9-12 - Salaries of Teachers | 5,183,931 | \$ 110,000 | 5,293,931 | 5,290,200 | 3,731 |
| Purchased Educational Services | 25,000 | | 25,000 | 16,875 | 8,125 |
| Other Purchased Services | 3,907 | | 3,907 | 3,907 | |
| General Supplies | 232,500 | 45,000 | 277,500 | 245,682 | 31,818 |
| Textbooks | 118,950 | (30,000) | 88,950 | 79,781 | 9,169 |
| Other Objects | 4,000 | | 4,000 | 4,000 | |
| Total Regular Programs - Instruction | 5,628,288 | 125,000 | 5,753,288 | 5,664,546 | 88,742 |
| Regular Programs - Home Instruction | | | | | |
| Salaries of Teachers | 40,000 | (5,000) | 35,000 | 17,081 | 17,919 |
| Purchased Educational Services | 20,000 | 5,000 | 25,000 | 14,927 | 10,073 |
| Total Regular Programs - Home Instruction | 60,000 | (5,000) | 55,000 | 32,008 | 27,992 |
| Bilingual Education - Instruction | | | | | |
| Salaries of Teachers | 127,165 | | 127,165 | 113,452 | 13,713 |
| General Supplies | 3,820 | | 3,820 | 771 | 3,049 |
| Total Bilingual Education - Instruction | 130,985 | - | 130,985 | 114,223 | 16,762 |
| Regular Vocational Programs - Local - Instruction | | | | | |
| Salaries of Teachers | 3,007,335 | (122,000) | 2,885,335 | 2,852,866 | 32,469 |
| Purchased Professional-Educational Services | 22,500 | 10,250 | 32,750 | 24,239 | 8,511 |
| Other Purchased Services | 363,350 | | 363,350 | 348,299 | 15,051 |
| General Supplies | 507,600 | (106,836) | 400,764 | 358,487 | 42,277 |
| Textbooks | 37,450 | | 37,450 | 20,526 | 16,924 |
| Other Objects | 4,000 | | 4,000 | 1,833 | 2,167 |
| Total Regular Vocational Programs - Local - Instruction | 3,942,235 | (218,586) | 3,723,649 | 3,606,250 | 117,399 |
| Special Vocational Programs - Local - Instruction | | | | | |
| Salaries of Teachers | 3,266,824 | 20,000 | 3,286,824 | 3,264,534 | 22,290 |
| Purchased Professional-Educational Services | 5,000 | | 5,000 | 5,000 | |
| Other Purchased Services | 179,785 | 20,000 | 199,785 | 188,246 | 11,539 |
| General Supplies | 289,537 | (24,830) | 264,707 | 240,776 | 23,931 |
| Textbooks | 35,000 | | 35,000 | 18,783 | 16,217 |
| Other Objects | 4,000 | | 4,000 | 2,341 | 1,659 |
| Total Special Vocational Programs - Local - Instruction | 3,780,146 | 15,170 | 3,795,316 | 3,714,680 | 80,636 |

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, 2015

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| School-Spon. Co curricular Actvts. - Instruction | | | | | |
| Salaries | \$ 107,156 | \$ 10,000 | \$ 117,156 | \$ 115,728 | \$ 1,428 |
| General Supplies | 7,500 | | 7,500 | 1,650 | 5,850 |
| Other Objects | 15,000 | | 15,000 | 12,062 | 2,938 |
| Transfers to Cover Deficit (Agency Funds) | 2,000 | | 2,000 | | 2,000 |
| Total School-Spon. Co curricular Actvts. - Instruction | 131,656 | 10,000 | 141,656 | 129,440 | 12,216 |
| School-Spon. Athletics - Instruction | | | | | |
| Salaries | 323,441 | (12,894) | 310,547 | 304,158 | 6,389 |
| Purchased Services | 40,540 | 2,000 | 42,540 | 38,580 | 3,960 |
| Supplies and Materials | 92,020 | | 92,020 | 86,509 | 5,511 |
| Other Objects | 23,600 | 1,000 | 24,600 | 23,234 | 1,366 |
| Total School-Spon. Athletics - Instruction | 479,601 | (9,894) | 469,707 | 452,481 | 17,226 |
| Total Instruction | 14,092,911 | (78,310) | 14,014,601 | 13,681,620 | 332,981 |
| Undistributed Expenditures: | | | | | |
| Undist. Expend. - Health Services | | | | | |
| Salaries | 356,917 | 10,000 | 366,917 | 363,173 | 3,744 |
| Purchased Professional Services | 40,000 | 5,375 | 45,375 | 39,530 | 5,845 |
| Supplies and Materials | 17,500 | | 17,500 | 14,146 | 3,354 |
| Other Objects | 1,000 | | 1,000 | 165 | 835 |
| Total Undistributed Expenditures - Health Services | 415,417 | 15,375 | 430,792 | 417,014 | 13,778 |
| Undist. Expend. - Other Supp. Serv. Students - Related Serv. | | | | | |
| Salaries of Other Professional Staff | 123,840 | | 123,840 | 118,865 | 4,975 |
| Educational Services | 3,000 | | 3,000 | | 3,000 |
| Supplies and Materials | 3,000 | 224 | 3,224 | 1,837 | 1,387 |
| Total Undist. Expend.-Other Supp. Serv. Students-Related Serv. | 129,840 | 224 | 130,064 | 120,702 | 9,362 |
| Undist. Expend. - Guidance | | | | | |
| Salaries of Other Professional Staff | 862,912 | 20,000 | 882,912 | 879,910 | 3,002 |
| Salaries of Secretarial and Clerical Assistants | 203,690 | | 203,690 | 197,877 | 5,813 |
| Other Purchased and Technical Services | 2,000 | | 2,000 | | 2,000 |
| Other Purchased Services | 2,500 | | 2,500 | 418 | 2,082 |
| Supplies and Materials | 23,500 | 20,000 | 43,500 | 34,640 | 8,860 |
| Other Objects | 5,000 | | 5,000 | 593 | 4,407 |
| Total Undist. Expend. - Guidance | 1,099,602 | 40,000 | 1,139,602 | 1,113,438 | 26,164 |
| Undist. Expend. - Child Study Teams | | | | | |
| Salaries of Other Professional Staff | 805,091 | (55,000) | 750,091 | 736,523 | 13,568 |
| Salaries of Secretarial and Clerical Assistants | 211,104 | | 211,104 | 206,104 | 5,000 |
| Other Purchased and Technical Services | 9,000 | | 9,000 | 8,482 | 518 |
| Other Purchased Services | 6,400 | | 6,400 | 576 | 5,824 |
| Supplies and Materials | 7,700 | | 7,700 | 3,723 | 3,977 |
| Other Objects | 2,750 | | 2,750 | | 2,750 |
| Total Undist. Expend. - Child Study Teams | 1,042,045 | (55,000) | 987,045 | 955,408 | 31,637 |
| Undist. Expend. - Improvement of Inst. Serv. | | | | | |
| Salaries of Supervisor of Instruction | 397,890 | | 397,890 | 385,982 | 11,908 |
| Salaries of Secretarial and Clerical Assistants | 140,598 | (10,000) | 130,598 | 113,646 | 16,952 |
| Purchased Professional - Educational Services | 875 | | 875 | | 875 |
| Other Purchased Prof. and Tech. Services | 20,650 | | 20,650 | 6,683 | 13,967 |
| Other Purchased Services | 6,500 | (1,000) | 5,500 | 2,342 | 3,158 |
| Supplies and Materials | 19,000 | | 19,000 | 15,871 | 3,129 |
| Other Objects | 1,900 | | 1,900 | 250 | 1,650 |
| Total Undist. Expend. - Improvement of Inst. Serv. | 587,413 | (11,000) | 576,413 | 524,774 | 51,639 |
| Undist. Expend. - Edu. Media Serv./Sch. Library | | | | | |
| Salaries | 329,166 | | 329,166 | 325,153 | 4,013 |
| Supplies and Materials | 52,000 | 95 | 52,095 | 44,690 | 7,405 |
| Total Undist. Expend. - Edu. Media Serv./Sch. Library | 381,166 | 95 | 381,261 | 369,843 | 11,418 |

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, 2015

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| Undist. Expend. - Instructional Staff Training Serv. | | | | | |
| Salaries of Supervisors of Instruction | \$ 74,333 | | \$ 74,333 | \$ 68,114 | \$ 6,219 |
| Salaries of Secretarial and Clerical Assistants | 23,929 | | 23,929 | 20,056 | 3,873 |
| Purchased Professional - Educational Services | 40,875 | \$ (21,700) | 19,175 | 7,685 | 11,490 |
| Other Purchased Prof. and Tech. Services | 650 | | 650 | | 650 |
| Other Purchased Services | 13,500 | 16,000 | 29,500 | 12,709 | 16,791 |
| Supplies and Materials | 3,000 | | 3,000 | | 3,000 |
| Other Objects | 2,000 | | 2,000 | | 2,000 |
| Total Undist. Expend. - Instructional Staff Training Serv. | 158,287 | (5,700) | 152,587 | 108,564 | 44,023 |
| Undist. Expend. - Supp. Serv. - General Admin. | | | | | |
| Salaries | 556,843 | 25,000 | 581,843 | 578,121 | 3,722 |
| Other Purchased Professional Services | 132,400 | 70,058 | 202,458 | 106,300 | 96,158 |
| Purchased Technical Services | 74,000 | 25,900 | 99,900 | 87,495 | 12,405 |
| Communications/Telephone | 267,400 | (50,000) | 217,400 | 191,454 | 25,946 |
| BOE Other Purchased Services | 7,500 | | 7,500 | 3,147 | 4,353 |
| Other Purchased Services | 120,320 | (22,000) | 98,320 | 93,722 | 4,598 |
| Supplies and Materials | 30,000 | | 30,000 | 28,094 | 1,906 |
| BOE Meeting Supplies | 4,000 | | 4,000 | 545 | 3,455 |
| Miscellaneous Expenditures | 40,775 | 22,000 | 62,775 | 60,956 | 1,819 |
| BOE Membership Dues and Fees | 32,500 | | 32,500 | 30,604 | 1,896 |
| Total Undist. Expend. - Supp. Serv. - General Admin. | 1,265,738 | 70,958 | 1,336,696 | 1,180,438 | 156,258 |
| Undist. Expend. - Support Serv. - School Admin. | | | | | |
| Salaries of Principals/Assistant Principals | 1,719,008 | | 1,719,008 | 1,716,720 | 2,288 |
| Salaries of Other Professional Staff | 103,596 | | 103,596 | 102,436 | 1,160 |
| Salaries of Secretarial and Clerical Assistants | 700,300 | (15,000) | 685,300 | 675,632 | 9,668 |
| Purchased Professional and Technical Services | 500 | | 500 | | 500 |
| Other Purchased Services | 20,500 | (10,000) | 10,500 | 6,176 | 4,324 |
| Supplies and Materials | 122,363 | (4,850) | 117,513 | 107,793 | 9,720 |
| Other Objects | 14,000 | | 14,000 | 10,137 | 3,863 |
| Total Undist. Expend. - Support Serv. - School Admin. | 2,680,267 | (29,850) | 2,650,417 | 2,618,894 | 31,523 |
| Undist. Expend. - Support Serv.-Central Services | | | | | |
| Salaries | 763,654 | 10,000 | 773,654 | 770,072 | 3,582 |
| Purchased Professional Services | 500 | | 500 | | 500 |
| Purchased Technical Services | 500 | | 500 | | 500 |
| Other Purchased Services | 42,400 | (12,060) | 30,340 | 22,502 | 7,838 |
| Supplies and Materials | 28,000 | 5,895 | 33,895 | 29,703 | 4,192 |
| Interest for Lease Purchase Agreements | 100 | | 100 | | 100 |
| Other Objects | 4,000 | | 4,000 | 3,665 | 335 |
| Total Undist. Expend. - Support Serv.-Central Services | 839,154 | 3,835 | 842,989 | 825,942 | 17,047 |
| Undist. Expend. - Support Serv. - Admin. Info. Technology | | | | | |
| Salaries | 458,226 | 15,000 | 473,226 | 468,855 | 4,371 |
| Purchased Professional Services | 1,000 | | 1,000 | | 1,000 |
| Purchased Technical Services | 4,500 | | 4,500 | 950 | 3,550 |
| Other Purchased Services | 12,500 | | 12,500 | 10,267 | 2,233 |
| Supplies and Materials | 102,500 | 10,164 | 112,664 | 103,299 | 9,365 |
| Other Objects | 1,000 | | 1,000 | | 1,000 |
| Total Undist. Expend. - Support Serv.- Admin. Info. Technology | 579,726 | 25,164 | 604,890 | 583,371 | 21,519 |
| Undist. Expend. - Required Maint. For Sch. Facilities | | | | | |
| Salaries | 465,582 | | 465,582 | 460,195 | 5,387 |
| Cleaning, Repair and Maintenance Services | 449,893 | 81,117 | 531,010 | 483,594 | 47,416 |
| General Supplies | 109,500 | 35,714 | 145,214 | 118,563 | 26,651 |
| Total Undist. Expend. - Required Maint. For Sch. Facilities | 1,024,975 | 116,831 | 1,141,806 | 1,062,352 | 79,454 |

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, 2015

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| Undist. Expend. - Oth. Oper. & Maint. of Plant | | | | | |
| Salaries | \$ 1,740,496 | \$ 65,000 | \$ 1,805,496 | \$ 1,801,778 | \$ 3,718 |
| Purchased Professional and Technical Services | 380,000 | (108,746) | 271,254 | 164,820 | 106,434 |
| Cleaning, Repair and Maintenance Services | 329,423 | (39,511) | 289,912 | 273,956 | 15,956 |
| Other Purchased Property Services | 103,400 | 15,000 | 118,400 | 111,269 | 7,131 |
| Insurance | 242,500 | 20,000 | 262,500 | 260,251 | 2,249 |
| Miscellaneous Purchased Services | 5,000 | | 5,000 | 1,990 | 3,010 |
| General Supplies | 172,500 | (17,000) | 155,500 | 133,967 | 21,533 |
| Energy (Natural Gas) | 601,555 | 55,000 | 656,555 | 627,190 | 29,365 |
| Energy (Electricity) | 1,540,322 | (40,000) | 1,500,322 | 1,387,124 | 113,198 |
| Other Objects | 15,000 | 2,500 | 17,500 | 13,949 | 3,551 |
| Total Undist. Expend. - Other Oper. & Maint. Of Plant | 5,130,196 | (47,757) | 5,082,439 | 4,776,294 | 306,145 |
| Care and Upkeep of Grounds | | | | | |
| Salaries | 401,925 | 15,000 | 416,925 | 412,825 | 4,100 |
| Purchased Professional and Technical Services | 500 | | 500 | | 500 |
| Cleaning, Repair and Maintenance Services | 105,000 | 69,934 | 174,934 | 151,040 | 23,894 |
| General Supplies | 60,000 | 22,000 | 82,000 | 74,554 | 7,446 |
| Other Objects | 1,000 | | 1,000 | 160 | 840 |
| Total Care and Upkeep of Grounds | 568,425 | 106,934 | 675,359 | 638,579 | 36,780 |
| Security | | | | | |
| Purchased Professional and Technical Services | 238,000 | 20,000 | 258,000 | 238,777 | 19,223 |
| Cleaning, Repair and Maintenance Services | 12,000 | 8,500 | 20,500 | 19,375 | 1,125 |
| General Supplies | 10,000 | 9,000 | 19,000 | 12,918 | 6,082 |
| Other Objects | 1,000 | | 1,000 | | 1,000 |
| Total Security | 261,000 | 37,500 | 298,500 | 271,070 | 27,430 |
| Undist. Expend. - Student Transportation Serv. | | | | | |
| Contract Services (Other than Between Home & Sch)-Vendors | 176,165 | 55,000 | 231,165 | 183,989 | 47,176 |
| Total Undist. Expend. - Student Transportation Serv. | 176,165 | 55,000 | 231,165 | 183,989 | 47,176 |
| Unallocated Benefits | | | | | |
| Social Security Contributions | 495,000 | 10,000 | 505,000 | 493,017 | 11,983 |
| T.P.A.F. Contributions - ERIP | 155,000 | | 155,000 | 153,705 | 1,295 |
| Other Retirement Contributions - Regular | 622,000 | (20,000) | 602,000 | 589,882 | 12,118 |
| Other Retirement Contributions - ERIP | 24,000 | | 24,000 | 22,838 | 1,162 |
| Unemployment Compensation | 123,440 | (50,000) | 73,440 | 58,687 | 14,753 |
| Workmen's Compensation | 399,500 | 150,000 | 549,500 | 524,997 | 24,503 |
| Health Benefits | 6,116,200 | (40,000) | 6,076,200 | 5,955,847 | 120,353 |
| Tuition Reimbursement | 60,000 | 45,000 | 105,000 | 93,792 | 11,208 |
| Total Unallocated Benefits | 7,995,140 | 95,000 | 8,090,140 | 7,892,765 | 197,375 |
| On-behalf TPAF Pension Contributions (non-budgeted) | | | | 2,424,944 | (2,424,944) |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | | | 1,290,293 | (1,290,293) |
| Total On-behalf Contributions | | | | 3,715,237 | (3,715,237) |
| Total Personal Services-Employee Benefits | 7,995,140 | 95,000 | 8,090,140 | 11,608,002 | (3,517,862) |
| Total Undistributed Expenditures | 24,334,556 | 417,609 | 24,752,165 | 27,358,674 | (2,606,509) |
| Total General Current Expense | 38,427,467 | 339,299 | 38,766,766 | 41,040,294 | (2,273,528) |
| CAPITAL OUTLAY: | | | | | |
| Facilities Acquisition and Construction Services | | | | | |
| Assessment for Debt Serv on SDA Funding | 98,382 | | 98,382 | 98,382 | - |
| Total Capital Outlay | 98,382 | - | 98,382 | 98,382 | - |

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2015

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| Special Schools: | | | | | |
| Post - Secondary Programs - Instruction | | | | | |
| Salaries of Teachers | \$ 736,361 | \$ 10,000 | \$ 746,361 | \$ 724,445 | \$ 21,916 |
| Purchased Prof. and Tech. Services | 5,800 | | 5,800 | | 5,800 |
| Other Purchased Services | 5,200 | | 5,200 | | 5,200 |
| General Supplies | 65,500 | 7,328 | 72,828 | 52,426 | 20,402 |
| Textbooks | 4,675 | 268 | 4,943 | 306 | 4,637 |
| Other Objects | 3,200 | | 3,200 | 85 | 3,115 |
| Total Post - Secondary Programs - Instruction | <u>820,736</u> | <u>17,596</u> | <u>838,332</u> | <u>777,262</u> | <u>61,070</u> |
| Post - Secondary Programs - Support Services | | | | | |
| Salaries | 78,633 | | 78,633 | 73,302 | 5,331 |
| Other Purchased Services | 2,000 | | 2,000 | 296 | 1,704 |
| Supplies and Materials | 4,000 | | 4,000 | 1,200 | 2,800 |
| Other Objects | 2,000 | | 2,000 | 245 | 1,755 |
| Total Post - Secondary Programs - Support Services | <u>86,633</u> | | <u>86,633</u> | <u>75,043</u> | <u>11,590</u> |
| Total Post - Secondary Programs | <u>907,369</u> | <u>17,596</u> | <u>924,965</u> | <u>852,305</u> | <u>72,660</u> |
| Vocational Evening-Local-Instruction | | | | | |
| Salaries of Teachers | 309,071 | (125,000) | 184,071 | 167,032 | 17,039 |
| Other Salaries for Instruction | 5,000 | | 5,000 | 1,256 | 3,744 |
| General Supplies | 84,900 | (4,386) | 80,514 | 25,441 | 55,073 |
| Textbooks | 16,300 | | 16,300 | 4,636 | 11,664 |
| Total Vocational Evening-Local-Instruction | <u>415,271</u> | <u>(129,386)</u> | <u>285,885</u> | <u>198,365</u> | <u>87,520</u> |
| Vocational Evening-Local-Support Serv. | | | | | |
| Salaries | 299,945 | | 299,945 | 273,887 | 26,058 |
| Supplies and Materials | 23,750 | | 23,750 | 19,538 | 4,212 |
| Other Objects | 28,250 | | 28,250 | 20,557 | 7,693 |
| Total Vocational Evening-Local-Support Serv. | <u>351,945</u> | <u>-</u> | <u>351,945</u> | <u>313,982</u> | <u>37,963</u> |
| Total Vocational Evening-Local | <u>767,216</u> | <u>(129,386)</u> | <u>637,830</u> | <u>512,347</u> | <u>125,483</u> |
| Total Special Schools | <u>1,674,585</u> | <u>(111,790)</u> | <u>1,562,795</u> | <u>1,364,652</u> | <u>198,143</u> |
| Total Expenditures | <u>40,200,434</u> | <u>227,509</u> | <u>40,427,943</u> | <u>42,503,328</u> | <u>(2,075,386)</u> |

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2015

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|--------------|-----------------------------|
| (Deficiency) Excess of Revenues (Under) Over Expenditures | \$ (1,196,000) | \$ (227,509) | \$ (1,423,509) | \$ (2,898) | \$ 1,420,611 |
| Other Financing Sources (Uses): Transfer to Food Service Fund | (4,000) | | (4,000) | | 4,000 |
| Total Other Financing Sources (Uses) | (4,000) | | (4,000) | - | 4,000 |
| (Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses) | (1,200,000) | (227,509) | (1,427,509) | (2,898) | 1,424,611 |
| Fund Balance, July 1 | 3,811,787 | | 3,811,787 | 3,811,787 | |
| Fund Balance, June 30 | \$ 2,611,787 | \$ (227,509) | \$ 2,384,278 | \$ 3,808,889 | \$ 1,424,611 |
| Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses) | | | | | |
| Budgeted fund balance | \$ (1,200,000) | | \$ (1,200,000) | \$ 224,611 | \$ 1,424,611 |
| Adjustment for prior year encumbrances | | \$ (227,509) | (227,509) | (227,509) | |
| Total | \$ (1,200,000) | \$ (227,509) | \$ (1,427,509) | \$ (2,898) | \$ 1,424,611 |
| Recapitulation of fund balance: | | | | | |
| Restricted Fund Balance: | | | | | |
| Capital reserve account - restricted | | | | \$ 100 | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | | | | 68,978 | |
| Excess Surplus - Current Year | | | | 89,349 | |
| Assigned Fund Balance: | | | | | |
| Year-end encumbrances - assigned | | | | 171,817 | |
| Designated for subsequent year's expenditures - assigned | | | | 1,131,022 | |
| ARRA/SEMI- unreserved-Designated for subsequent year's expenditures | | | | 20,338 | |
| Unassigned Fund Balance | | | | 2,327,285 | |
| | | | | 3,808,889 | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | | |
| Last State Aid Payments not recognized on GAAP basis | | | | (1,308,894) | |
| Fund Balance per Governmental Funds (GAAP) | | | | \$ 2,499,995 | |

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, 2015

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| REVENUES: | | | | | |
| Local Sources | \$ 206,155 | \$ 200 | \$ 206,355 | \$ 158,837 | \$ (47,518) |
| State Sources | 183,413 | | 183,413 | 183,321 | (92) |
| Federal Sources | 2,266,063 | 227,520 | 2,493,583 | 2,079,368 | (414,215) |
| Total Revenues | <u>2,655,631</u> | <u>227,720</u> | <u>2,883,351</u> | <u>2,421,526</u> | <u>(461,825)</u> |
| EXPENDITURES: | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | 606,251 | 1,319 | 607,570 | 578,781 | 28,789 |
| Purchased Professional and Technical Services | 42,798 | (6,672) | 36,126 | 27,913 | 8,213 |
| Other Purchased Services | 80,977 | | 80,977 | 53,818 | 27,159 |
| General Supplies | 633,862 | 140,321 | 774,183 | 736,393 | 37,790 |
| Other Objects | 5,000 | 5,134 | 10,134 | 10,134 | |
| Total Instruction | <u>1,368,888</u> | <u>140,102</u> | <u>1,508,990</u> | <u>1,407,039</u> | <u>101,951</u> |
| Support Services | | | | | |
| Salaries of Other Professional Staff | 313,373 | 59 | 313,432 | 309,088 | 4,344 |
| Personal Services - Employee Benefits | 220,926 | 7,409 | 228,335 | 215,830 | 12,505 |
| Other Purchased Professional Services | 134,530 | (9,925) | 124,605 | 73,087 | 51,518 |
| Travel | 486 | (187) | 299 | 53 | 246 |
| Other Purchased Services | 40,143 | (433) | 39,710 | 38,460 | 1,250 |
| Supplies & Materials | 91,085 | (5,384) | 85,701 | 45,690 | 40,011 |
| Total Support Services | <u>800,543</u> | <u>(8,461)</u> | <u>792,082</u> | <u>682,208</u> | <u>109,874</u> |
| Facilities Acquisition and Construction Services | | | | | |
| Instructional Equipment | 236,200 | 96,079 | 332,279 | 332,279 | |
| Construction Services | 250,000 | | 250,000 | | 250,000 |
| Total Facilities Acquisition and Construction Services | <u>486,200</u> | <u>96,079</u> | <u>582,279</u> | <u>332,279</u> | <u>250,000</u> |
| Total Expenditures | <u>2,655,631</u> | <u>227,720</u> | <u>2,883,351</u> | <u>2,421,526</u> | <u>461,825</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, 2015**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---|----------------------------|-------------------------------------|
| Sources/inflows of resources | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | [C-1] \$ 42,500,430 | [C-2] \$ 2,421,526 |
| Difference - budgetary to GAAP: | | |
| State aid payments recognized for budgetary purposes, not recognized for GAAP statements | | |
| Prior year | 1,304,862 | |
| Current year | (1,308,894) | |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | [B-2] <u>\$ 42,496,398</u> | [B-2] <u>\$ 2,421,526</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, 2015

| | Total Brought Forward (Ex. E-1a) | Title I Part A Regular Program | Title II Part A Regular Program | I.D.E.A Part B Regular Program | Ed Connect | Race To The Top Program (RTT3) | Carl Perkins Entitlement Secondary Program Federal | Carl Perkins Entitlement Secondary Program Reserve | Totals |
|---|---|---|--|---|-----------------|--------------------------------------|---|---|---------------------|
| REVENUES: | | | | | | | | | |
| Local Sources | \$ 158,837 | | | | | | | | \$ 158,837 |
| State Sources | 183,321 | | | | | | | | 183,321 |
| Federal Sources | | \$ 572,016 | \$ 23,840 | \$ 641,369 | \$ 1,309 | \$ 21,499 | \$ 755,348 | \$ 63,987 | 2,079,368 |
| Total Revenues | \$ 342,158 | \$ 572,016 | \$ 23,840 | \$ 641,369 | \$ 1,309 | \$ 21,499 | \$ 755,348 | \$ 63,987 | \$ 2,421,526 |
| EXPENDITURES: | | | | | | | | | |
| Instruction | | | | | | | | | |
| Salaries of Teachers | \$ 54,028 | \$ 306,143 | | \$ 218,610 | | | | | \$ 578,781 |
| Purchased Professional and Technical Services | | 16,100 | | 9,313 | | | \$ 2,500 | | 27,913 |
| Other Purchased Services | 1,802 | 49,207 | | | \$ 1,309 | | 1,308 | \$ 192 | 53,818 |
| General Supplies | 144,421 | 57,682 | | 53,892 | | | 416,603 | 63,795 | 736,393 |
| Other Objects | | | | | | | 10,134 | | 10,134 |
| Total Instruction | 200,251 | 429,132 | | 281,815 | 1,309 | | 430,545 | 63,987 | 1,407,039 |
| Support Services | | | | | | | | | |
| Salaries of Other Professional Staff | 54,244 | 6,726 | | 228,147 | | \$ 19,971 | | | 309,088 |
| Personal Services - Employee Benefits | 22,305 | 67,274 | | 124,723 | | 1,528 | | | 215,830 |
| Other Purchased Professional & Technical Services | 125 | 49,122 | \$ 23,840 | | | | | | 73,087 |
| Travel | 53 | | | | | | | | 53 |
| Other Purchased Services | 36,460 | | | | | | 2,000 | | 38,460 |
| Supplies & Materials | 19,244 | 19,762 | | 6,684 | | | | | 45,690 |
| Total Support Services | 132,431 | 142,884 | 23,840 | 359,554 | | 21,499 | 2,000 | | 682,208 |
| Facilities Acquisition and Construction Services | | | | | | | | | |
| Instructional Equipment | 9,476 | | | | | | 322,803 | | 332,279 |
| Total Facilities Acquisition and Construction Services | 9,476 | | | | | | 322,803 | | 332,279 |
| Total Expenditures | \$ 342,158 | \$ 572,016 | \$ 23,840 | \$ 641,369 | \$ 1,309 | \$ 21,499 | \$ 755,348 | \$ 63,987 | \$ 2,421,526 |

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, 2015

| | Total Brought Forward (Ex. E-1b) | Carl Perkins Entitlement Postsecondary Program State | Vocational Education Apprentice Coordinator Program | CSH Grant | NJ Case Grant | PAASE Grant | Total Carried Forward |
|---|---|---|--|----------------------|--------------------------|------------------------|--------------------------------------|
| REVENUES: | | | | | | | |
| Local Sources | \$ 158,837 | | | | | | \$ 158,837 |
| State Sources | | \$ 121,913 | \$ 24,500 | \$ 11,908 | \$ 5,000 | \$ 20,000 | 183,321 |
| Federal Sources | | | | | | | |
| Total Revenues | <u>\$ 158,837</u> | <u>\$ 121,913</u> | <u>\$ 24,500</u> | <u>\$ 11,908</u> | <u>\$ 5,000</u> | <u>\$ 20,000</u> | <u>\$ 342,158</u> |
| EXPENDITURES: | | | | | | | |
| Instruction | | | | | | | |
| Salaries of Teachers | \$ 54,028 | | | | | | \$ 54,028 |
| Purchased Professional and Technical Services | | | | | | | |
| Other Purchased Services | 1,776 | \$ 26 | | | | | 1,802 |
| General Supplies | 5,665 | 105,927 | | \$ 7,829 | \$ 5,000 | \$ 20,000 | 144,421 |
| Total Instruction | <u>61,469</u> | <u>105,953</u> | | <u>7,829</u> | <u>5,000</u> | <u>20,000</u> | <u>200,251</u> |
| Support Services | | | | | | | |
| Salaries of Other Professional Staff | 40,000 | | \$ 14,244 | | | | 54,244 |
| Personal Services - Employee Benefits | 22,305 | | | | | | 22,305 |
| Other Purchased Professional & Technical Services | | | | 125 | | | 125 |
| Travel | | | 53 | | | | 53 |
| Other Purchased Services | 30,893 | | 5,567 | | | | 36,460 |
| Supplies & Materials | 4,170 | 6,484 | 4,636 | 3,954 | | | 19,244 |
| Total Support Services | <u>97,368</u> | <u>6,484</u> | <u>24,500</u> | <u>4,079</u> | | | <u>132,431</u> |
| Facilities Acquisition and Construction Services | | | | | | | |
| Instructional Equipment | | 9,476 | | | | | 9,476 |
| Facilities Acquisition and Construction Services | | <u>9,476</u> | | | | | <u>9,476</u> |
| Total Expenditures | <u>\$ 158,837</u> | <u>\$ 121,913</u> | <u>\$ 24,500</u> | <u>\$ 11,908</u> | <u>\$ 5,000</u> | <u>\$ 20,000</u> | <u>\$ 342,158</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, 2015

| | U Got Brains | Sodexo Grant | NJSBAIG Safety Grant | GCADA Grant | Mini Arts Grant | Inmate Education | | Alcohol Adolescents Program | Total Carried Forward |
|---|-----------------|-----------------|-------------------------|-----------------|--------------------|--------------------|------------------|-----------------------------------|-----------------------------|
| | | | | | | Regular Program | Carryover | | |
| REVENUES: | | | | | | | | | |
| Local Sources | \$ 960 | \$ 400 | \$ 30,893 | \$ 7,199 | \$ 1,776 | \$ 39,253 | \$ 38,356 | \$ 40,000 | \$ 158,837 |
| Total Revenues | <u>\$ 960</u> | <u>\$ 400</u> | <u>\$ 30,893</u> | <u>\$ 7,199</u> | <u>\$ 1,776</u> | <u>\$ 39,253</u> | <u>\$ 38,356</u> | <u>\$ 40,000</u> | <u>\$ 158,837</u> |
| EXPENDITURES | | | | | | | | | |
| Instruction | | | | | | | | | |
| Salaries of Teachers | | | | | | \$ 27,281 | \$ 26,747 | | \$ 54,028 |
| Purchased Professional and Technical Services | | | | | | | | | |
| Other Purchased Services | | | | | \$ 1,776 | | | | 1,776 |
| General Supplies | | \$ 400 | | \$ 3,989 | | 223 | 1,053 | | 5,665 |
| Total Instruction | | <u>400</u> | | <u>3,989</u> | <u>1,776</u> | <u>27,504</u> | <u>27,800</u> | | <u>61,469</u> |
| Support Services | | | | | | | | | |
| Salaries of Other Professional Staff | | | | | | | | \$ 40,000 | 40,000 |
| Personal Services - Employee Benefits | | | | | | 11,749 | 10,556 | | 22,305 |
| Other Purchased Professional & Technical Services | | | | | | | | | |
| Travel | | | | | | | | | |
| Other Purchased Services | | | \$ 30,893 | | | | | | 30,893 |
| Supplies & Materials | \$ 960 | | | \$ 3,210 | | | | | 4,170 |
| Other Objects | | | | | | | | | |
| Total Support Services | <u>960</u> | | <u>30,893</u> | <u>3,210</u> | | <u>11,749</u> | <u>10,556</u> | <u>40,000</u> | <u>97,368</u> |
| Total Expenditures | <u>\$ 960</u> | <u>\$ 400</u> | <u>\$ 30,893</u> | <u>\$ 7,199</u> | <u>\$ 1,776</u> | <u>\$ 39,253</u> | <u>\$ 38,356</u> | <u>\$ 40,000</u> | <u>\$ 158,837</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, 2015

| Project Title/Issue | Original Date | Appropriations | Expenditures to Date | | Unexpended Balance June 30, 2015 |
|---|---------------|----------------------|----------------------|---------------------|-------------------------------------|
| | | | Prior Years | Current Year | |
| Construction of the Perth Amboy Vocational School and the related site acquisition and improvements | 9/3/1998 | \$ 31,442,005 | \$ 31,442,005 | | |
| Construction of the Vocational and Technical Academy at Middlesex County College - Academy of Science and Math Construction | 9/3/1998 | 5,534,501 | 5,534,501 | | |
| Insurance Reimbursements - Superstorm Sandy | 7/1/2012 | 50,183 | | | \$ 50,183 |
| Capital Outlay - County | 7/1/2009 | 3,000,000 | 2,997,411 | \$ 2,589 | |
| Capital Outlay - County | 7/1/2010 | 3,100,000 | 2,954,429 | 145,571 | |
| Capital Outlay - County | 7/1/2011 | 3,100,000 | 2,917,979 | 130,933 | 51,088 |
| Capital Outlay - County | 7/1/2012 | 3,100,000 | 1,963,680 | 908,769 | 227,551 |
| Capital Outlay - County | 7/1/2013 | 3,100,000 | 1,006,312 | 1,592,072 | 501,616 |
| Capital Outlay - County | 7/1/2014 | 1,691,983 | | 370,615 | 1,321,368 |
| ROD Grant East Brunswick Roof | 7/1/2014 | 1,470,000 | | 85,589 | 1,384,411 |
| ROD East Brunswick Grant Science Lab | 7/1/2014 | 270,000 | | 68,679 | 201,321 |
| ROD Grant East Brunswick Mechatronics | 7/1/2014 | 630,000 | | 86,330 | 543,670 |
| Energy Savings Improvement Plan | 7/1/2014 | 11,300,000 | | 2,856,702 | 8,443,298 |
| Interest Income | 7/1/2014 | 190 | | | 190 |
| Miscellaneous Income | 7/1/2014 | 1,000 | | | 1,000 |
| | | <u>\$ 67,789,862</u> | <u>\$ 48,816,317</u> | <u>\$ 6,247,849</u> | <u>\$ 12,725,696</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, 2015**

| | |
|--|--------------------------|
| Revenue and Other Financing Sources | |
| State Sources - SDA Grants | \$ 961,983 |
| County Capital Contribution | 3,100,000 |
| Lease Purchases | 11,300,000 |
| Interest Income | 190 |
| Miscellaneous Income | 1,000 |
| Total Revenue and Other Financing Sources | <u>15,363,173</u> |
| Expenditures and Other Financing Uses | |
| Purchased Professional and Technical Services | 1,126,849 |
| Construction Services | 4,789,720 |
| Other Objects | 18,845 |
| Equipment Purchases | 312,435 |
| Total Expenditures and Other Financing Uses | <u>6,247,849</u> |
| Excess of revenues over expenditures | 9,115,324 |
| Fund Balance - Beginning - July 1 | <u>3,610,372</u> |
| Fund Balance - Ending - June 30 | <u>\$ 12,725,696</u> |
| Reconciliation of Fund Balance: | |
| Fund Balance, Budgetary Basis | \$ 12,725,696 |
| GAAP Basis Revenues not Recognized | <u>(864,324)</u> |
| Fund Balance - June 30, 2015 GAAP Basis | <u>\$ 11,861,372</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, 2015

| | <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
Perth Amboy School Construction
Year Ended June 30, 2015**

| | Prior Years | Current Year | Totals |
|---|-------------------|--------------|-------------------|
| Revenue and Other Financing Sources | | | |
| State Sources - SDA Grants | \$ 11,490,597 | | \$ 11,490,597 |
| Inter Governmental Transfers from County Capital Contribution | 19,951,408 | | 19,951,408 |
| Total Revenue and Other Financing Sources | 31,442,005 | | 31,442,005 |
| Expenditures and Other Financing Uses | | | |
| Purchased Professional and Technical Services | 5,117,477 | | 5,117,477 |
| Land and Improvements | 3,107,231 | | 3,107,231 |
| Construction Services | 21,617,966 | | 21,617,966 |
| Supplies | 930,744 | | 930,744 |
| Other Objects | 137,793 | | 137,793 |
| Equipment Purchases | 388,490 | | 388,490 |
| Project Close out | 142,304 | | 142,304 |
| Total Expenditures and Other Financing Uses | 31,442,005 | | 31,442,005 |
| Excess (deficiency) of revenues | - | - | - |
| Over (under) expenditures | - | - | - |
| Additional Project Information: | | | |
| Project Number | SP-200672 | | |
| Grant Date | 2/1/2002 | | |
| Bond Authorization Date | NA | | |
| Bonds Authorized | NA | | |
| Bonds Issued | NA | | |
| Original Eligible Cost | \$ 28,726,494 | | |
| Additional Eligible Cost | 2,715,511 | | |
| Revised Eligible Cost | \$ 31,442,005 | | |
| Percentage Increase over Original Authorized Cost | 9.45% | | |
| Percentage Completion | 100% | | |
| Original Target Completion Date | Oct-03 | | |
| Revised Target Completion Date | 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, 2015

| | Prior Years | Current Year | Totals |
|--|--------------|--------------|--------------|
| Revenue and Other Financing Sources | | | |
| County Capital Contribution - 2009/2010 | \$ 3,000,000 | | \$ 3,000,000 |
| Total Revenue and Other Financing Sources | 3,000,000 | | 3,000,000 |
| Expenditures | | | |
| Purchased Professional and Technical Services | 266,242 | | 266,242 |
| Construction Services | 2,298,734 | | 2,298,734 |
| Other Objects | 26,924 | | 26,924 |
| Equipment Purchases | 405,511 | \$ 2,589 | 408,100 |
| Total Expenditures | 2,997,411 | 2,589 | 3,000,000 |
| Excess (deficiency) of revenues Over (under) expenditures | \$ 2,589 | \$ (2,589) | \$ - |
| Additional Project Information: | | | |
| Project Number | | N/A | |
| Grant Date | | N/A | |
| Bond Authorization Date | | N/A | |
| Bonds Authorized | | N/A | |
| Bonds Issued | | N/A | |
| Original Eligible Cost | \$ 3,000,000 | | |
| Additional Eligible Cost | | | |
| Revised Eligible Cost | \$ 3,000,000 | | |
| Percentage Increase over Original Authorized Cost | | 0.00% | |
| Percentage Completion | | 100.00% | |
| Original Target Completion Date | | Jun-11 | |
| 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, 2015

| | Prior Years | Current Year | Totals |
|--|--------------|--------------|--------------|
| Revenue and Other Financing Sources | | | |
| County Capital Contribution - 2010/2011 | \$ 3,100,000 | | \$ 3,100,000 |
| Total Revenue and Other Financing Sources | 3,100,000 | | 3,100,000 |
| Expenditures | | | |
| Purchased Professional and Technical Services | 219,534 | | 219,534 |
| Construction Services | 2,367,705 | \$ 145,571 | 2,513,276 |
| Other Objects | 15,636 | | 15,636 |
| Equipment Purchases | 351,554 | | 351,554 |
| Total Expenditures | 2,954,429 | 145,571 | 3,100,000 |
| Excess (deficiency) of revenues Over (under) expenditures | \$ 145,571 | \$ (145,571) | \$ - |
| 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 | | 100.00% | |
| Original Target Completion Date | | Jun-12 | |
| 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, 2015

| | Prior Years | Current Year | Totals |
|--|--------------|--------------|--------------|
| Revenue and Other Financing Sources | | | |
| County Capital Contribution - 2011/2012 | \$ 3,100,000 | | \$ 3,100,000 |
| Total Revenue and Other Financing Sources | 3,100,000 | | 3,100,000 |
| Expenditures | | | |
| Purchased Professional and Technical Services | 221,883 | \$ 1,097 | 222,980 |
| Construction Services | 2,294,907 | 129,836 | 2,424,743 |
| Other Objects | 7,759 | | 7,759 |
| Equipment Purchases | 393,430 | | 393,430 |
| Total Expenditures | 2,917,979 | 130,933 | 3,048,912 |
| Excess (deficiency) of revenues Over (under) expenditures | \$ 182,021 | \$ (130,933) | \$ 51,088 |
| Additional Project Information: | | | |
| Project Number | | N/A | |
| Grant Date | | N/A | |
| Bond Authorization Date | | N/A | |
| Bonds Authorized | | N/A | |
| Bonds Issued | | N/A | |
| Original Eligible Cost | \$ 3,100,000 | | |
| Additional Eligible Cost | | | |
| Revised Eligible Cost | \$ 3,100,000 | | |
| Percentage Increase over Original | | | |
| Authorized Cost | | 0.00% | |
| Percentage Completion | | 98% | |
| Original Target Completion Date | | Jun-13 | |
| Revised Target Completion Date | | Jun-16 | |

**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, 2015**

| | 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 | 241,243 | \$ 52,295 | 293,538 |
| Construction Services | 1,331,391 | 856,474 | 2,187,865 |
| Other Objects | 8,640 | | 8,640 |
| Equipment Purchases | 382,406 | | 382,406 |
| Total Expenditures | 1,963,680 | 908,769 | 2,872,449 |
| Excess (deficiency) of revenues Over (under) expenditures | \$ 1,136,320 | \$ (908,769) | \$ 227,551 |
| 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 | | 93% | |
| Original Target Completion Date | | Jun-14 | |
| Revised Target Completion Date | | Jun-16 | |

**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, 2015**

| | 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 | 206,303 | \$ 64,660 | 270,963 |
| Construction Services | 398,345 | 1,523,993 | 1,922,338 |
| Other Objects | 10,341 | | 10,341 |
| Equipment Purchases | 391,323 | 3,419 | 394,742 |
| Total Expenditures | 1,006,312 | 1,592,072 | 2,598,384 |
| Excess (deficiency) of revenues Over (under) expenditures | <u>\$ 2,093,688</u> | <u>\$ (1,592,072)</u> | <u>\$ 501,616</u> |
| Additional Project Information: | | | |
| Project Number | | N/A | |
| Grant Date | | N/A | |
| Bond Authorization Date | | N/A | |
| Bonds Authorized | | N/A | |
| Bonds Issued | | N/A | |
| Original Eligible Cost | \$ 3,100,000 | | |
| Additional Eligible Cost | | | |
| Revised Eligible Cost | \$ 3,100,000 | | |
| Percentage Increase over Original Authorized Cost | | 0.00% | |
| Percentage Completion | | 84% | |
| Original Target Completion Date | | Jun-15 | |
| Revised Target Completion Date | | Jun-16 | |

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, 2015

| | Prior Years | Current Year | Totals |
|--|-------------|--------------|--------------|
| Revenue and Other Financing Sources | | | |
| County Capital Contribution - 2014/2015 | | \$ 1,691,983 | \$ 1,691,983 |
| Total Revenue and Other Financing Sources | | 1,691,983 | 1,691,983 |
| Expenditures | | | |
| Purchased Professional and Technical Services | | 31,669 | 31,669 |
| Construction Services | | 30,799 | 30,799 |
| Other Objects | | 1,720 | 1,720 |
| Equipment Purchases | | 306,427 | 306,427 |
| Total Expenditures | | 370,615 | 370,615 |
| Excess (deficiency) of revenues Over (under) expenditures | \$ - | \$ 1,321,368 | \$ 1,321,368 |
| 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 | | | |
| Revised Eligible Cost | \$ | 1,691,983 | |
| Percentage Increase over Original Authorized Cost | | 0.00% | |
| Percentage Completion | | 22% | |
| Original Target Completion Date | | Jun-16 | |
| Revised Target Completion Date | | Jun-16 | |

**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, 2015**

| | Prior Years | Current Year | Totals |
|--|------------------|---------------------|---------------------|
| Revenue and Other Financing Sources | | | |
| State Sources - SDA Grants | | \$ 596,673 | \$ 596,673 |
| County Capital Contribution - 2014/2015 | | 873,327 | 873,327 |
| Total Revenue and Other Financing Sources | | <u>1,470,000</u> | <u>1,470,000</u> |
| Expenditures | | | |
| Purchased Professional and Technical Services | | 85,589 | 85,589 |
| Construction Services | | | |
| Other Objects | | | |
| Equipment Purchases | | | |
| Total Expenditures | | <u>85,589</u> | <u>85,589</u> |
| Excess (deficiency) of revenues Over (under) expenditures | <u>\$ -</u> | <u>\$ 1,384,411</u> | <u>\$ 1,384,411</u> |
| Additional Project Information: | | | |
| Project Number | 3150-040-14-1003 | | |
| Grant Date | 7/9/2015 | | |
| Bond Authorization Date | N/A | | |
| Bonds Authorized | N/A | | |
| Bonds Issued | N/A | | |
| Original Eligible Cost | \$ | 1,470,000 | |
| Additional Eligible Cost | | | |
| Revised Eligible Cost | \$ | 1,470,000 | |
| Percentage Increase over Original Authorized Cost | | 0.00% | |
| Percentage Completion | | 6% | |
| Original Target Completion Date | | Jun-16 | |
| 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 East Brunswick Science Lab
Year Ended June 30, 2015**

| | Prior Years | Current Year | Totals |
|--|------------------|-------------------|-------------------|
| Revenue and Other Financing Sources | | | |
| State Sources - SDA Grants | | \$ 109,593 | \$ 109,593 |
| County Capital Contribution - 2014/2015 | | 160,407 | 160,407 |
| Total Revenue and Other Financing Sources | | <u>270,000</u> | <u>270,000</u> |
| Expenditures | | | |
| Purchased Professional and Technical Services | | 32,185 | 32,185 |
| Construction Services | | 35,369 | 35,369 |
| Other Objects | | 1,125 | 1,125 |
| Equipment Purchases | | | |
| Total Expenditures | | <u>68,679</u> | <u>68,679</u> |
| Excess (deficiency) of revenues Over (under) expenditures | <u>\$ -</u> | <u>\$ 201,321</u> | <u>\$ 201,321</u> |
| Additional Project Information: | | | |
| Project Number | 3150-040-14-1002 | | |
| Grant Date | 7/9/2015 | | |
| 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 | | 25% | |
| Original Target Completion Date | | Jun-16 | |
| 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 East Brunswick Mechatronics
Year Ended June 30, 2015

| | Prior Years | Current Year | Totals |
|--|----------------------|-------------------|-------------------|
| Revenue and Other Financing Sources | | | |
| State Sources - SDA Grants | | \$ 255,717 | \$ 255,717 |
| County Capital Contribution - 2014/2015 | | 374,283 | 374,283 |
| Total Revenue and Other Financing Sources | | <u>630,000</u> | <u>630,000</u> |
| Expenditures | | | |
| Purchased Professional and Technical Services | | 40,860 | 40,860 |
| Construction Services | | 42,845 | 42,845 |
| Other Objects | | 2,625 | 2,625 |
| Equipment Purchases | | | |
| Total Expenditures | | <u>86,330</u> | <u>86,330</u> |
| Excess (deficiency) of revenues Over (under) expenditures | <u>\$ -</u> | <u>\$ 543,670</u> | <u>\$ 543,670</u> |
| Additional Project Information: | | | |
| Project Number | 3150-040-14-1001-G04 | | |
| Grant Date | 7/9/2015 | | |
| Bond Authorization Date | N/A | | |
| Bonds Authorized | N/A | | |
| Bonds Issued | N/A | | |
| Original Eligible Cost | \$ | 630,000 | |
| Additional Eligible Cost | | | |
| Revised Eligible Cost | \$ | 630,000 | |
| Percentage Increase over Original Authorized Cost | | 0.00% | |
| Percentage Completion | | 14% | |
| Original Target Completion Date | | Jun-16 | |
| 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
Energy Savings Improvement Program
Year Ended June 30, 2015

| | Prior Years | Current Year | Totals |
|--|---------------|---------------|---------------|
| Revenue and Other Financing Sources | | | |
| Lease Purchases | | \$ 11,300,000 | \$ 11,300,000 |
| Total Revenue and Other Financing Sources | | 11,300,000 | 11,300,000 |
| Expenditures | | | |
| Purchased Professional and Technical Services | | 818,494 | 818,494 |
| Construction Services | | 2,024,833 | 2,024,833 |
| Other Objects | | 13,375 | 13,375 |
| Equipment Purchases | | | |
| Total Expenditures | | 2,856,702 | 2,856,702 |
| Excess (deficiency) of revenues Over (under) expenditures | \$ - | \$ 8,443,298 | \$ 8,443,298 |
| 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 | | 25% | |
| Original Target Completion Date | | Jun-16 | |
| 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, 2015**

| | Trust | Agency | | Total Agency |
|---|-------------------------------------|-------------------|-------------------|-------------------|
| | Private-Purpose Scholarship Fund | Student Activity | Payroll | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 6,841 | \$ 115,367 | \$ 360,266 | \$ 475,633 |
| Interfund receivable | | 375 | | 375 |
| Total assets | <u>6,841</u> | <u>\$ 115,742</u> | <u>\$ 360,266</u> | <u>\$ 476,008</u> |
| LIABILITIES | | | | |
| Payable to student groups | | \$ 115,742 | | \$ 115,742 |
| Payroll deductions and withholdings payable | | | \$ 360,266 | 360,266 |
| Total liabilities | | <u>\$ 115,742</u> | <u>\$ 360,266</u> | <u>\$ 476,008</u> |
| NET POSITION | | | | |
| Held in trust for scholarships | <u>6,841</u> | | | |
| Total net position | <u>\$ 6,841</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, 2015

| | Private-Purpose Scholarship Fund |
|------------------------------------|-------------------------------------|
| ADDITIONS | |
| Investment earnings: | |
| Interest | \$ 1 |
| Total additions | 1 |
| DEDUCTIONS | |
| Bank service charges | 190 |
| Total deductions | 190 |
| Change in net position | (189) |
| Net position—beginning of the year | 7,030 |
| Net position—end of the year | \$ 6,841 |

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, 2015

| Schools | Balance July 1, 2014 | Cash Receipts | Cash Disbursements | Balance June 30, 2015 |
|--------------------------|---------------------------------|--------------------------|-------------------------------|----------------------------------|
| Perth Amboy | \$ 8,642 | \$ 39,350 | \$ 36,391 | \$ 11,601 |
| East Brunswick | 33,536 | 89,894 | 84,348 | 39,082 |
| Woodbridge | 15,862 | 59,567 | 54,658 | 20,771 |
| Piscataway | 14,663 | 43,664 | 39,905 | 18,422 |
| The Academy | 22,488 | 41,438 | 38,435 | 25,491 |
| Total all schools | \$ 95,191 | \$ 273,913 | \$ 253,737 | \$ 115,367 |

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, 2015

| | <u>Balance July 1, 2014</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance June 30, 2015</u> |
|---|---------------------------------|--------------------------|-------------------------------|----------------------------------|
| Assets: | | | | |
| Cash and cash equivalents | \$ 334,758 | \$ 13,040,398 | \$ 13,014,890 | \$ 360,266 |
| Total assets | <u>\$ 334,758</u> | <u>\$ 13,040,398</u> | <u>\$ 13,014,890</u> | <u>\$ 360,266</u> |
| Liabilities: | | | | |
| Payroll deductions and withholdings payable | \$ 334,758 | \$ 13,040,398 | \$ 13,014,890 | \$ 360,266 |
| Total liabilities | <u>\$ 334,758</u> | <u>\$ 13,040,398</u> | <u>\$ 13,014,890</u> | <u>\$ 360,266</u> |

Long-Term Debt

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Schedule of Obligations Under Capital Leases
Year Ended June 30, 2015

1-2

| Purpose | Interest Rate | Amount of Original Issue | Balance Balance July 1, 2014 | Issued | Paid | Balance June 30, 2015 |
|---------------------|------------------|--------------------------------|------------------------------------|----------------------|----------|--------------------------|
| Energy Conservation | 2.5185% | \$ 11,300,000 | \$ - | \$ 11,300,000 | - | \$ 11,300,000 |
| | | | <u>\$ -</u> | <u>\$ 11,300,000</u> | <u>-</u> | <u>\$ 11,300,000</u> |

Statistical Section

Statistical Section
Unaudited

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

| | 2006 | 2007 | 2008 | 2009 | June 30 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 60,127,171 | \$ 60,433,060 | \$ 63,295,239 | \$ 63,789,054 | \$ 63,980,883 | \$ 64,241,294 | \$ 64,418,541 | \$ 66,265,008 | \$ 66,298,193 | \$ 67,537,157 |
| Restricted | 706,821 | 718,053 | 875,222 | 1,589,750 | 3,397,498 | 3,428,961 | 3,981,049 | 2,919,426 | 3,679,450 | 3,226,677 |
| Unrestricted (deficit) | 4,541,888 | 5,905,342 | 2,893,086 | 2,206,259 | (274,861) | 19,141 | 1,002,500 | 949,902 | 817,724 | (13,068,657) |
| Total governmental activities net position | \$ 65,375,880 | \$ 67,056,455 | \$ 67,063,547 | \$ 67,585,063 | \$ 67,103,520 | \$ 67,689,396 | \$ 69,402,090 | \$ 70,134,336 | \$ 70,795,367 | \$ 57,695,177 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 1,947 | \$ 1,687 | \$ 1,428 | \$ 1,168 | \$ 15,104 | \$ 13,310 | \$ 11,516 | \$ 9,721 | \$ 8,057 | \$ 25,609 |
| Unrestricted | 1,353 | 1,430 | 2,009 | 1,310 | 18,203 | 20,700 | 45,167 | 59,931 | 58,037 | 90,919 |
| Total business-type activities net position | \$ 3,300 | \$ 3,117 | \$ 3,437 | \$ 2,478 | \$ 33,307 | \$ 34,010 | \$ 56,683 | \$ 69,652 | \$ 66,094 | \$ 116,528 |
| District-wide | | | | | | | | | | |
| Net investment in capital assets | \$ 60,129,118 | \$ 60,434,747 | \$ 63,296,667 | \$ 63,790,222 | \$ 63,995,987 | \$ 64,254,604 | \$ 64,430,057 | \$ 66,274,729 | \$ 66,306,250 | \$ 67,562,766 |
| Restricted | 706,821 | 718,053 | 875,222 | 1,589,750 | 3,397,498 | 3,428,961 | 3,981,049 | 2,919,426 | 3,679,450 | 3,226,677 |
| Unrestricted (deficit) | 4,543,241 | 5,906,772 | 2,895,095 | 2,207,569 | (256,658) | 39,841 | 1,047,667 | 1,009,833 | 875,761 | (12,977,738) |
| Total district net position | \$ 65,379,180 | \$ 67,059,572 | \$ 67,066,984 | \$ 67,587,541 | \$ 67,136,827 | \$ 67,723,406 | \$ 69,458,773 | \$ 70,203,988 | \$ 70,861,461 | \$ 57,811,705 |

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)**

| | Year Ended June 30, | | | | | | | | | |
|---|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 9,948,028 | \$ 8,270,558 | \$ 8,456,946 | \$ 7,922,226 | \$ 7,776,472 | \$ 7,801,676 | \$ 7,850,116 | \$ 8,112,328 | \$ 7,118,689 | \$ 7,002,223 |
| Other special instruction | 191,623 | 162,138 | 171,658 | 163,490 | 156,056 | 151,288 | 165,193 | 196,553 | 177,318 | 194,918 |
| Vocational | 12,585,189 | 11,254,516 | 10,983,617 | 10,566,743 | 11,029,468 | 11,573,325 | 10,993,634 | 11,231,490 | 10,923,054 | 10,977,372 |
| Other instruction | 868,378 | 764,677 | 730,939 | 628,912 | 570,248 | 540,165 | 538,214 | 545,128 | 516,872 | 496,988 |
| Support Services: | | | | | | | | | | |
| Support services - students & instruction | 6,509,940 | 5,841,283 | 6,130,209 | 5,662,462 | 5,700,459 | 5,839,958 | 5,272,776 | 5,606,792 | 5,248,588 | 5,160,120 |
| School administrative services | 4,383,951 | 3,883,373 | 3,820,950 | 3,875,926 | 3,362,272 | 3,849,331 | 3,680,418 | 3,827,102 | 3,401,818 | 3,539,456 |
| General administrative services | 1,603,265 | 1,399,392 | 1,422,230 | 1,376,369 | 1,392,144 | 1,337,274 | 1,464,722 | 1,215,050 | 1,372,741 | 1,223,497 |
| Plant operations and maintenance | 8,833,953 | 8,419,669 | 8,087,010 | 7,769,241 | 7,977,047 | 7,150,030 | 7,507,535 | 7,457,307 | 6,793,819 | 6,668,201 |
| Pupil transportation | 183,989 | 158,097 | 150,246 | 97,885 | 89,482 | 94,530 | 130,297 | 140,779 | 179,890 | 311,404 |
| Other Support Services | 2,099,542 | 1,913,408 | 1,885,153 | 1,795,036 | 1,782,884 | 1,805,929 | 1,654,516 | 1,720,977 | 1,595,052 | 1,487,712 |
| Special Schools | 2,210,559 | 1,898,010 | 2,070,029 | 2,168,539 | 2,224,705 | 2,981,975 | 2,981,500 | 3,224,744 | 3,166,393 | 2,909,936 |
| Interest Expense | 53,756 | | | | | | | | | |
| Unallocated depreciation | 2,135,750 | 2,135,093 | 2,002,468 | 1,883,850 | 1,843,699 | 1,784,089 | 1,750,417 | 1,685,219 | 1,607,034 | 1,513,517 |
| Total governmental activities expenses | \$ 51,607,923 | \$ 46,100,214 | \$ 45,911,455 | \$ 43,910,679 | \$ 43,904,936 | \$ 44,909,570 | \$ 43,989,338 | \$ 44,963,469 | \$ 42,101,268 | \$ 41,485,344 |
| Business-type activities: | | | | | | | | | | |
| Food service | 642,294 | 682,670 | 682,939 | 606,486 | 604,450 | 622,131 | 637,771 | 680,915 | 735,140 | 689,531 |
| Total business-type activities expense | 642,294 | 682,670 | 682,939 | 606,486 | 604,450 | 622,131 | 637,771 | 680,915 | 735,140 | 689,531 |
| Total district expenses | \$ 52,250,217 | \$ 46,782,884 | \$ 46,594,394 | \$ 44,517,165 | \$ 44,509,386 | \$ 45,531,701 | \$ 44,627,109 | \$ 45,644,384 | \$ 42,836,408 | \$ 42,174,875 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Operating grants and contributions | \$ 2,089,246 | \$ 1,603,173 | \$ 1,787,651 | \$ 1,949,498 | \$ 2,317,745 | \$ 2,050,912 | \$ 1,851,052 | \$ 3,424,531 | \$ 3,427,506 | \$ 3,575,115 |
| Capital grants and contributions | 97,659 | | | | | | | | | |
| Total governmental activities program revenues | 2,186,905 | 1,603,173 | 1,787,651 | 1,949,498 | 2,317,745 | 2,050,912 | 1,851,052 | 3,424,531 | 3,427,506 | 3,575,115 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | 239,175 | 230,385 | 252,010 | 257,829 | 249,210 | 279,717 | 306,485 | 347,080 | 354,339 | 357,765 |
| Operating grants and contributions | 453,553 | 448,727 | 422,879 | 371,330 | 349,404 | 373,048 | 321,196 | 289,678 | 290,170 | 263,074 |
| Total business type activities program revenues | 692,728 | 679,112 | 674,889 | 629,159 | 598,614 | 652,765 | 627,681 | 636,758 | 644,509 | 620,839 |
| Total district program revenues | \$ 2,879,633 | \$ 2,282,285 | \$ 2,462,540 | \$ 2,578,657 | \$ 2,916,359 | \$ 2,703,677 | \$ 2,478,733 | \$ 4,061,289 | \$ 4,072,015 | \$ 4,195,954 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| | \$ (49,421,018) | \$ (44,497,041) | \$ (44,123,804) | \$ (41,961,181) | \$ (41,587,191) | \$ (42,858,658) | \$ (42,138,286) | \$ (41,538,938) | \$ (38,673,762) | \$ (37,910,229) |
| Business-type activities | | | | | | | | | | |
| | 50,434 | (3,558) | (8,050) | 22,673 | (5,836) | 30,634 | (10,090) | (44,157) | (90,631) | (68,692) |
| Total district-wide net expense | \$ (49,370,584) | \$ (44,500,599) | \$ (44,131,854) | \$ (41,938,508) | \$ (41,593,027) | \$ (42,828,024) | \$ (42,148,376) | \$ (41,583,095) | \$ (38,764,393) | \$ (37,978,921) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes | \$ 24,435,550 | \$ 23,813,430 | \$ 23,314,842 | \$ 23,314,842 | \$ 23,314,842 | \$ 22,751,798 | \$ 25,581,630 | \$ 25,055,654 | \$ 24,483,808 | \$ 24,160,308 |
| Unrestricted grants and contributions | 21,160,476 | 16,832,840 | 17,132,804 | 15,990,034 | 14,655,266 | 15,569,023 | 15,882,869 | 15,033,772 | 12,584,268 | 12,762,064 |
| County capital contribution | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,000,000 | | | | |
| Gain on refunding of bonds for ERIP | | | | | | | | | | |
| Tuition received | 624,349 | 707,455 | 695,788 | 697,332 | 667,574 | 609,807 | 667,554 | 700,438 | 727,864 | 750,006 |
| Investment earnings | 190 | | | 628 | 4,942 | 18,070 | 54,631 | 280,195 | 464,981 | 307,250 |
| Miscellaneous income | 633,934 | 704,347 | 612,616 | 571,039 | 436,942 | 570,721 | 540,282 | 554,126 | 720,016 | 927,593 |
| Disposition of capital assets | | | | | | | (58,664) | (35,655) | 1,462,400 | 661,719 |
| Other financing (uses) | | | | | | (142,304) | | | | |
| Transfers | | | | | (6,500) | | (8,500) | (42,500) | (89,000) | (58,850) |
| Total governmental activities | 49,954,499 | 45,158,072 | 44,856,050 | 43,673,875 | 42,173,066 | 42,377,115 | 42,659,802 | 41,546,030 | 40,354,337 | 39,510,090 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | | | | | 39 | 195 | 631 | 1,977 | 1,448 | 781 |
| Miscellaneous income | | | 21,019 | | | | | | | |
| Transfers | | | | | 6,500 | | 8,500 | 42,500 | 89,000 | 58,850 |
| Total business-type activities | - | - | 21,019 | - | 6,539 | 195 | 9,131 | 44,477 | 90,448 | 59,631 |
| Total district-wide | \$ 49,954,499 | \$ 45,158,072 | \$ 44,877,069 | \$ 43,673,875 | \$ 42,179,605 | \$ 42,377,310 | \$ 42,668,933 | \$ 41,590,507 | \$ 40,444,785 | \$ 39,569,721 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| | \$ 533,481 | \$ 661,031 | \$ 732,246 | \$ 1,712,694 | \$ 585,875 | \$ (481,543) | \$ 521,516 | \$ 7,092 | \$ 1,680,575 | \$ 1,599,861 |
| Business-type activities (deficit) | | | | | | | | | | |
| | 50,434 | (3,558) | 12,969 | 22,673 | 703 | 30,829 | (959) | 320 | (183) | (9,061) |
| Total district | \$ 583,915 | \$ 657,473 | \$ 745,215 | \$ 1,735,367 | \$ 586,578 | \$ (450,714) | \$ 520,557 | \$ 7,412 | \$ 1,680,392 | \$ 1,590,800 |

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)**

| | June 30 | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 2,972,700 | \$ 4,963,350 | \$ 3,172,252 | \$ 4,119,714 | \$ 1,218,201 | | | | | |
| Unreserved | 3,805,421 | 3,403,288 | 2,984,118 | 1,978,485 | 1,577,795 | | | | | |
| Restricted for | | | | | | \$ 100 | \$ 100 | \$ 100 | \$ 69,078 | \$ 158,427 |
| Assigned to | | | | | | 1,590,769 | 2,006,688 | 1,947,838 | 1,427,509 | 1,323,177 |
| Unassigned | | | | | | 590,989 | 858,781 | 757,059 | 1,010,338 | 1,018,391 |
| Total general fund | <u>\$ 6,778,121</u> | <u>\$ 8,366,638</u> | <u>\$ 6,156,370</u> | <u>\$ 6,098,199</u> | <u>\$ 2,795,996</u> | <u>\$ 2,181,858</u> | <u>\$ 2,865,569</u> | <u>\$ 2,704,997</u> | <u>\$ 2,506,925</u> | <u>\$ 2,499,995</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 593,349 | \$ 435,830 | | | \$ 2,139,326 | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | | (36,957) | \$ (61,077) | | | | | | | |
| Capital projects fund | 92,271 | 142,441 | 162,331 | \$ 142,304 | 523,517 | | | | | |
| Restricted for: | | | | | | | | | | |
| Capital Projects Fund | | | | | | \$ 3,428,861 | \$ 3,980,949 | \$ 2,919,326 | \$ 3,610,372 | \$ 11,861,372 |
| Total all other governmental funds | <u>\$ 685,620</u> | <u>\$ 541,314</u> | <u>\$ 101,254</u> | <u>\$ 142,304</u> | <u>\$ 2,662,843</u> | <u>\$ 3,428,861</u> | <u>\$ 3,980,949</u> | <u>\$ 2,919,326</u> | <u>\$ 3,610,372</u> | <u>\$ 11,861,372</u> |
| Total Fund Balances | <u>\$ 7,463,741</u> | <u>\$ 8,907,952</u> | <u>\$ 6,257,624</u> | <u>\$ 6,240,503</u> | <u>\$ 5,458,839</u> | <u>\$ 5,610,719</u> | <u>\$ 6,846,518</u> | <u>\$ 5,624,323</u> | <u>\$ 6,117,297</u> | <u>\$ 14,361,367</u> |

Source: CAFR Schedule B-1 and District records.

GASB # 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See footnote 1 in the basic financial statements). Prior years have not been restated above, nor are they required to be.

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

| | Fiscal year ended June 30, | | | | | | | | | |
|---|----------------------------|-------------------|-----------------------|---------------------|-------------------|---------------------|--------------------|-----------------------|---------------------|---------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Revenues | | | | | | | | | | |
| Tax levy and county capital contribution | \$ 27,535,550 | \$ 26,913,430 | \$ 26,414,842 | \$ 26,414,842 | \$ 26,414,842 | \$ 25,751,798 | \$ 25,581,630 | \$ 25,055,654 | \$ 24,483,808 | \$ 24,160,308 |
| Tuition charges | 624,349 | 707,455 | 695,788 | 697,332 | 667,574 | 609,807 | 667,554 | 700,438 | 727,864 | 750,006 |
| Interest earnings | 190 | | | 628 | 4,942 | 18,070 | 54,631 | 280,195 | 464,981 | 307,250 |
| Miscellaneous | 633,933 | 737,638 | 695,899 | 855,068 | 714,085 | 833,290 | 799,370 | 816,810 | 2,412,568 | 2,178,457 |
| State sources | 17,179,597 | 16,524,779 | 17,035,451 | 15,386,571 | 14,474,782 | 13,220,937 | 15,446,892 | 16,443,563 | 13,876,941 | 13,917,666 |
| Federal sources | 2,143,154 | 1,741,201 | 1,618,021 | 2,268,932 | 2,221,086 | 4,136,429 | 2,027,941 | 1,752,056 | 1,962,281 | 2,258,220 |
| Total revenue | 48,116,773 | 46,624,503 | 46,460,001 | 45,623,373 | 44,497,311 | 44,570,331 | 44,578,018 | 45,048,716 | 43,928,443 | 43,571,907 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular instruction | 6,178,520 | 5,809,370 | 5,896,677 | 5,681,845 | 5,776,683 | 5,727,954 | 5,933,943 | 5,746,230 | 8,479,097 | 5,112,846 |
| Other special instruction | 114,223 | 111,567 | 115,830 | 113,345 | 110,833 | 109,039 | 127,299 | 141,137 | 141,423 | 148,726 |
| Vocational education instruction | 8,213,995 | 8,072,835 | 7,788,033 | 7,631,425 | 8,005,312 | 8,520,272 | 8,213,759 | 8,127,890 | 5,075,560 | 8,369,937 |
| Other instruction | 581,921 | 576,153 | 541,036 | 466,510 | 436,270 | 410,384 | 423,088 | 405,006 | 410,434 | 385,062 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 4,076,121 | 4,167,061 | 4,327,023 | 4,148,636 | 4,266,863 | 4,445,912 | 3,999,437 | 4,090,786 | 4,108,515 | 4,014,645 |
| General administration | 1,180,438 | 1,134,988 | 1,151,125 | 1,143,568 | 1,176,211 | 1,149,300 | 1,273,566 | 972,474 | 1,084,315 | 1,060,248 |
| School administrative services | 2,618,894 | 2,621,641 | 2,561,962 | 2,663,714 | 2,308,088 | 2,748,779 | 2,519,935 | 2,458,561 | 2,311,588 | 2,309,168 |
| Plant operations and maintenance | 6,748,295 | 7,014,912 | 6,630,454 | 6,459,037 | 6,714,794 | 6,054,915 | 6,567,315 | 6,305,579 | 6,001,803 | 5,755,404 |
| Pupil transportation | 183,989 | 158,097 | 150,246 | 97,885 | 89,482 | 94,530 | 130,297 | 140,779 | 179,890 | 311,404 |
| Other support services | 1,409,313 | 1,346,551 | 1,328,131 | 1,308,929 | 1,339,052 | 1,376,465 | 1,280,310 | 1,231,422 | 1,234,015 | 1,105,099 |
| Employee benefits | 11,823,832 | 10,954,986 | 11,294,910 | 10,358,244 | 9,637,522 | 9,724,128 | 8,864,110 | 10,434,131 | 8,428,271 | 8,276,756 |
| Capital outlay | 6,678,510 | 2,954,528 | 4,618,288 | 2,761,179 | 2,850,713 | 2,660,332 | 3,009,372 | 5,326,106 | 2,632,424 | 2,277,327 |
| Special schools | 1,364,652 | 1,345,582 | 1,462,181 | 1,553,257 | 1,627,108 | 2,187,681 | 2,244,208 | 2,276,443 | 2,307,897 | 2,159,112 |
| Total expenditures | 51,172,703 | 46,268,271 | 47,865,896 | 44,387,374 | 44,338,931 | 45,209,691 | 44,586,639 | 47,656,544 | 42,395,232 | 41,285,734 |
| (Deficiency) excess of revenues (under) over expenditures | (3,055,930) | 356,232 | (1,405,895) | 1,235,799 | 158,380 | (639,360) | (8,621) | (2,607,828) | 1,533,211 | 2,286,173 |
| Other Financing sources (uses) | | | | | | | | | | |
| Insurance recovery related to other costs of Super Storm Sandy | | 136,742 | 183,700 | | | | | | | |
| Lease purchase proceeds | 11,300,000 | | | | | | | | | |
| Transfers out | | | | | (6,500) | (142,304) | (8,500) | (42,500) | (89,000) | (58,850) |
| Total other financing sources (uses) | 11,300,000 | 136,742 | 183,700 | | (6,500) | (142,304) | (8,500) | (42,500) | (89,000) | (58,850) |
| Net change in fund balances | \$ 8,244,070 | \$ 492,974 | \$ (1,222,195) | \$ 1,235,799 | \$ 151,880 | \$ (781,664) | \$ (17,121) | \$ (2,650,328) | \$ 1,444,211 | \$ 2,227,323 |
| Debt service as a percentage of noncapital expenditures | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Source: District records; CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

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

| Fiscal Year Ended June 30, | Sale of Materials | Registration Fees | Rentals | Prior Year Refunds | Sale of Obsolete Equipment | Miscellaneous | Annual Totals |
|-------------------------------|----------------------|----------------------|-----------|-----------------------|----------------------------------|---------------|---------------|
| 2006 | \$ 29,948 | \$ 554,135 | \$ 49,606 | | | \$ 30,661 | \$ 664,350 |
| 2007 | 47,451 | 449,368 | 17,755 | \$ 10,874 | | 28,678 | 554,126 |
| 2008 | 57,150 | 365,199 | 28,450 | 25,142 | | 64,341 | 540,282 |
| 2009 | 57,150 | 365,199 | 28,450 | 25,142 | | 64,341 | 540,282 |
| 2010 | 55,774 | 430,908 | 34,625 | 4,804 | | 44,610 | 570,721 |
| 2011 | 42,890 | 308,769 | 25,461 | 16,994 | | 42,828 | 436,942 |
| 2012 | 45,144 | 409,806 | 29,518 | 20,748 | | 65,823 | 571,039 |
| 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 |

Source: District records

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

| Year | Population ^a | Personal Income ^b | Per Capita Personal Income ^c | Unemployment Rate ^d |
|------|-------------------------|------------------------------|--|-----------------------------------|
| 2006 | 775,876 | \$ 34,763,900,056 | \$ 44,806 | 4.3% |
| 2007 | 779,830 | 36,953,024,380 | 47,386 | 3.8% |
| 2008 | 785,324 | 38,486,373,268 | 49,007 | 5.0% |
| 2009 | 790,738 | 37,350,509,430 | 47,235 | 8.7% |
| 2010 | 811,272 | 38,614,924,656 | 47,598 | 8.7% |
| 2011 | 817,400 | 41,088,245,800 | 50,267 | 8.4% |
| 2012 | 824,447 | 42,648,643,310 | 51,730 | 8.5% |
| 2013 | 830,815 | 43,444,147,165 | 52,291 | 7.4% |
| 2014 | 836,297 | N/A | N/A | 6.0% |
| 2015 | N/A | N/A | N/A | N/A |

Source:

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

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

^c Per capita personal income by municipality estimated based upon the 2013 Census published by the US Bureau of Economic Analysis.

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

N/A - Information was not available.

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

| <u>Function/Program</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 74 | 74 | 76 | 75 | 77 | 77 | 77 | 79 | 82 | 86 |
| Vocational | 131 | 130 | 101 | 99 | 93 | 86 | 84 | 87 | 88 | 88 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 53 | 54 | 52 | 50 | 53 | 49 | 49 | 53 | 54 | 52 |
| General administration | 18 | 18 | 5 | 4 | 4 | 6 | 6 | 6 | 6 | 6 |
| School administrative services | 42 | 43 | 39 | 39 | 40 | 33 | 38 | 32 | 34 | 34 |
| Central services | 9 | 9 | 12 | 13 | 13 | 12 | 11 | 11 | 11 | 11 |
| Administrative Information Technology | 8 | 8 | 7 | 7 | 6 | 5 | 6 | 6 | 6 | 6 |
| Plant operations and maintenance | 43 | 43 | 49 | 48 | 50 | 47 | 48 | 48 | 48 | 49 |
| Other support services | 7 | 7 | | | | | | | | |
| Special Schools | 20 | 19 | 19 | 19 | 19 | 19 | 18 | 16 | 15 | 15 |
| Total | 405 | 405 | 360 | 354 | 355 | 334 | 337 | 338 | 344 | 347 |

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 | | | | |
| 2006 | 2,024.3 | \$ 39,008,407 | \$ 20,371 | 7.50% | 250 | N/A | N/A | 1:8.1 | 1,983.8 | 1,944.1 | -2.87% | 98.00% |
| 2007 | 2,226.0 | 39,762,808 | 17,863 | -12.31% | 254 | N/A | N/A | 1:8.2 | 2,181.5 | 2,137.9 | 9.96% | 98.00% |
| 2008 | 2,333.0 | 42,330,438 | 18,144 | 1.57% | 228 | N/A | N/A | 1:9.4 | 2,106.6 | 1,985.8 | -7.11% | 94.30% |
| 2009 | 2,276.5 | 41,577,267 | 18,264 | 0.66% | 224 | N/A | N/A | 1:10.1 | 2,063.3 | 1,966.2 | -0.99% | 95.30% |
| 2010 | 2,448.5 | 42,549,359 | 17,378 | -4.85% | 221 | N/A | N/A | 1:11.1 | 2,419.1 | 2,317.4 | 17.86% | 95.80% |
| 2011 | 2,293.5 | 41,488,218 | 18,089 | 4.10% | 208 | N/A | N/A | 1:11 | 2,048.6 | 1,917.0 | -17.28% | 93.60% |
| 2012 | 2,279.5 | 41,626,395 | 18,261 | 0.95% | 204 | N/A | N/A | 1:11.2 | 2,001.7 | 1,875.9 | -2.14% | 93.70% |
| 2013 | 2,321.0 | 43,247,608 | 18,633 | 2.04% | 221 | N/A | N/A | 1:10.5 | 2,046.1 | 1,923.4 | 2.53% | 94.00% |
| 2014 | 2,436.0 | 43,313,743 | 17,781 | -4.58% | 222 | N/A | N/A | 1:11 | 1,983.3 | 1,856.1 | -3.50% | 93.59% |
| 2015 | 2,441.5 | 44,494,193 | 18,224 | 2.49% | 228 | N/A | N/A | 1:11 | 1,980.7 | 1,850.7 | -0.29% | 94.14% |

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**

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| District Building | | | | | | | | | | |
| High School | | | | | | | | | | |
| Perth Amboy - New (2004) | | | | | | | | | | |
| Square Feet | 126,000 | 126,000 | 126,000 | 126,000 | 126,000 | 126,000 | 126,000 | 126,000 | 126,000 | 126,000 |
| Capacity (students) | 442 | 442 | 442 | 442 | 442 | 442 | 442 | 442 | 442 | 442 |
| Enrollment | 347 | 347 | 383 | 354 | 361 | 300 | 295 | 299 | 298 | 294 |
| Woodbridge (1938) | | | | | | | | | | |
| Square Feet | 52,754 | 52,754 | 52,754 | 52,754 | 52,754 | 52,754 | 52,754 | 52,754 | 52,754 | 52,754 |
| Capacity (students) | 221 | 221 | 221 | 221 | 221 | 221 | 221 | 221 | 221 | 221 |
| Enrollment | 284 | 284 | 233 | 194 | 204 | 224 | 182 | 252 | 272 | 292 |
| East Brunswick (1970) | | | | | | | | | | |
| Square Feet | 278,124 | 278,124 | 278,124 | 278,124 | 278,124 | 278,124 | 278,124 | 278,124 | 278,124 | 278,124 |
| Capacity (students) | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 |
| Enrollment | 834 | 834 | 788 | 748 | 684 | 645 | 616 | 651 | 665 | 679 |
| Piscataway (1950) | | | | | | | | | | |
| Square Feet | 233,500 | 233,500 | 233,500 | 233,500 | 233,500 | 233,500 | 233,500 | 233,500 | 233,500 | 233,500 |
| Capacity (students) | 693 | 693 | 693 | 693 | 693 | 693 | 693 | 693 | 693 | 693 |
| Enrollment | 852 | 852 | 787 | 829 | 586 | 573 | 510 | 570 | 618 | 602 |
| Academy (2000) | | | | | | | | | | |
| Square Feet | 29,900 | 29,900 | 29,900 | 29,900 | 29,900 | 29,900 | 29,900 | 29,900 | 29,900 | 29,900 |
| Capacity (students) | 119 | 119 | 119 | 119 | 119 | 119 | 119 | 119 | 119 | 119 |
| Enrollment | 142 | 142 | 143 | 152 | 150 | 154 | 156 | 161 | 167 | 167 |

Number of Schools at June 30, 2015
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 |
|-------------------------|-----------------------|---------------------|---------------------|---------------------|-------------------|----------------------|
| 2006 | \$ 157,991 | \$ 114,236 | \$ 335,412 | \$ 284,876 | \$ 73,531 | \$ 966,046 |
| 2007 | 155,921 | 222,211 | 281,505 | 258,637 | 59,715 | 977,989 |
| 2008 | 186,520 | 133,279 | 307,304 | 245,424 | 53,105 | 925,632 |
| 2009 | 238,857 | 85,044 | 339,638 | 222,315 | 40,031 | 925,885 |
| 2010 | 170,141 | 113,953 | 256,268 | 219,574 | 42,328 | 802,264 |
| 2011 | 151,006 | 113,836 | 450,580 | 246,747 | 28,358 | 990,527 |
| 2012 | 194,046 | 133,234 | 460,450 | 271,210 | 35,470 | 1,094,410 |
| 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 |
| Total School Facilities | <u>\$ 1,870,609</u> | <u>\$ 1,303,300</u> | <u>\$ 3,847,662</u> | <u>\$ 2,974,826</u> | <u>\$ 492,934</u> | <u>\$ 10,489,331</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, 2015
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 | \$ 189,830,700 | \$ 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) Nurses Liability - Evanston Insurance | 1,000,000 Per medical incident | 1,000 |
| | 3,000,000 Annual aggregate | 1,000 |
| 6) Fidelity Bonds | 275,000 Business Adm./Board Secretary | |
| | 275,000 Treasurer | |
| 7) Workers Compensation NJ School Boards Assoc. Ins. Group | 2,000,000 Each Accident | |
| | 2,000,000 Aggregate Limit | |
| 8) Excess workers comp - Markel Insurance Company | 100,000 Aggregate Limit | |
| 9) Excess weekly indemnity - Markel Insurance Company - supplemental W/C | 2,500 per week | |

Source: District Records

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, 2015, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 18, 2015.

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.

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

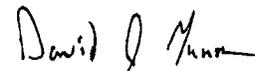
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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



David J/Gannon

Licensed Public School Accountant

No. 2305



WISS & COMPANY, LLP

December 18, 2015
Iselin, New Jersey

Report on Compliance For Each Major Federal and State Program and
Report on Internal Control Over Compliance Required by OMB A-133
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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and New

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Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 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, 2015.

Report on Internal Control Over Compliance

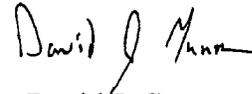
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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 OMB Circular A-133 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



David J. Gannon
Licensed Public School Accountant
No. 2305



WISS & COMPANY, LLP

December 18, 2015
Iselin, New Jersey

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Grant Period | Award Amount | Balance at June 30, 2014 | Carryover Amount | Adjustments | Cash Received | Budgetary Expenditures | Repayment of Prior Years Balances | (Accounts Receivable) at June 30, 2015 | Unearned Revenue at June 30, 2015 | Due to Grantor at June 30, 2015 |
|---|---------------------------|---------------------|-----------------|-----------------------------|---------------------|-------------|---------------------|---------------------------|---|--|---|---------------------------------------|
| U.S. Department of Education | | | | | | | | | | | | |
| Passed-Through State Department of Education: | | | | | | | | | | | | |
| Medical Assistance Program | 93.778 | 7/1/14-6/30/15 | \$ 39,063 | | | | \$ 39,063 | \$ (39,063) | | | | |
| Medical Assistance Program | 93.778 | 7/1/14-6/30/15 | 4,385 | | | | 4,385 | (4,385) | | | | |
| ARRA - Medical Assistance Program | 93.778 | 7/1/14-6/30/15 | 20,338 | | | | 20,338 | (20,338) | | | | |
| Medical Assistance Program | 93.778 | 7/1/13-6/30/14 | 35,484 | \$ (35,484) | | | 35,484 | | | | | |
| Total General Fund | | | | <u>(35,484)</u> | | | <u>99,270</u> | <u>(63,786)</u> | | | | |
| U.S. Department of Education | | | | | | | | | | | | |
| Passed-Through State Department of Education: | | | | | | | | | | | | |
| Title I | 84.010A | 7/1/14-6/30/15 | 633,527 | | | | 395,980 | (572,016) | | \$ (176,036) | | |
| Title I | 84.010A | 7/1/13-6/30/14 | 559,215 | (108,639) | | | 108,639 | | | | | |
| Title II - A | 84.367 | 7/1/14-6/30/15 | 77,178 | | | | 898 | (23,840) | | (22,942) | | |
| Title II - A | 84.367 | 7/1/13-6/30/14 | 54,113 | (20,347) | | | 20,347 | | | | | |
| I.D.E.A. Part B | 84.027 | 7/1/14-6/30/15 | 641,369 | | | | 469,379 | (641,369) | | (171,990) | | |
| I.D.E.A. Part B | 84.027 | 7/1/13-6/30/14 | 548,548 | (145,053) | | | 145,053 | | | | | |
| Carl Perkins - Entitlement Federal | 84.048 | 7/1/14-6/30/15 | 755,922 | | | | 679,060 | (755,348) | | (76,288) | | |
| Carl Perkins - Entitlement Reserve | 84.048 | 7/1/14-6/30/15 | 63,987 | | | | 63,987 | (63,987) | | | | |
| Carl Perkins - Entitlement Federal | 84.048 | 7/1/13-6/30/14 | 442,606 | (53,657) | | | 53,657 | | | | | |
| Carl Perkins - Entitlement Reserve | 84.048 | 7/1/13-6/30/14 | 60,844 | (428) | | | 428 | | | | | |
| Race to the Top Phase 3 (RTT3) | 84.413A | 9/1/11-11/30/15 | 29,795 | (8,193) | | | 8,193 | (21,499) | | (21,499) | | |
| Ed Connect | 84.000 | 2/1/2015-11/30/2015 | 49,998 | | | | | (1,309) | | (1,309) | | |
| Total Special Revenue | | | | <u>(336,317)</u> | | | <u>1,945,621</u> | <u>(2,079,368)</u> | | <u>(470,064)</u> | | |
| U.S. Department of Agriculture | | | | | | | | | | | | |
| Passed - Through State Department of Education: | | | | | | | | | | | | |
| Food Donation Program (NC) | 10.555 | 7/1/14-6/30/15 | 25,504 | | | | 25,504 | (25,504) | | | | |
| National School Lunch Program | 10.555 | 7/1/14-6/30/15 | 311,538 | | | | 286,965 | (311,538) | | (24,573) | | |
| National School Lunch Program | 10.555 | 7/1/13-6/30/14 | 301,509 | (26,378) | | | 26,378 | | | | | |
| Federal PB Lunch - Healthy Hunger - Free Kids Act of 2010 | 10.555 | 7/1/14-6/30/15 | 8,183 | | | | 7,538 | (8,183) | | (645) | | |
| Federal PB Lunch - Healthy Hunger - Free Kids Act of 2010 | 10.555 | 7/1/13-6/30/14 | 7,697 | (655) | | | 655 | | | | | |
| School Breakfast Program | 10.553 | 7/1/14-6/30/15 | 101,124 | | | | 91,629 | (101,124) | | (9,495) | | |
| School Breakfast Program | 10.553 | 7/1/13-6/30/14 | 114,514 | (11,659) | | | 11,659 | | | | | |
| Total Enterprise Fund | | | | <u>(38,692)</u> | | | <u>450,328</u> | <u>(446,349)</u> | | <u>(34,713)</u> | | |
| Total Federal Awards | | | | <u>\$ (410,493)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,495,219</u> | <u>\$ (2,589,503)</u> | <u>\$ -</u> | <u>\$ (504,777)</u> | <u>\$ -</u> | <u>\$ -</u> |

NC - represents noncash expenditures

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

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

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2015

| State Grantor Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2014 | | | | Adjustment/ Repayment of Prior Year's Balances | Balance at June 30, 2015 | | | MEMO | | |
|--|-------------------------------|----------------|---------------|----------------------------|----------------|------------------|---------------|--|--------------------------|-----------------------|------------------|----------------|----------------------|-------------------------------|
| | | | | Unearned Rev/ (Accts. Rec) | Due to Grantor | Carryover Amount | Cash Received | | Budgetary Expenditures | (Accounts Receivable) | Unearned Revenue | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures |
| State Department of Education: | | | | | | | | | | | | | | |
| Equalization Aid | 15-495-034-5120-078 | 7/1/14-6/30/15 | \$ 11,911,557 | | | | \$ 10,729,296 | \$ (11,911,557) | | | | \$ (1,182,261) | \$ (11,911,557) | |
| Special Education Categorical Aid | 15-495-034-5120-089 | 7/1/14-6/30/15 | 1,135,471 | | | | 1,022,772 | (1,135,471) | | | | (112,699) | (1,135,471) | |
| Security Aid | 15-495-034-5120-084 | 7/1/14-6/30/15 | 100,064 | | | | 90,132 | (100,064) | | | | (9,932) | (100,064) | |
| Per Pupil Growth Aid | 15-495-034-5120-097 | 7/1/14-6/30/15 | 20,160 | | | | 18,159 | (20,160) | | | | (2,001) | (20,160) | |
| PARCC Readiness | 15-495-034-5120-098 | 7/1/14-6/30/15 | 20,160 | | | | 18,159 | (20,160) | | | | (2,001) | (20,160) | |
| Equalization Aid | 14-495-034-5120-078 | 7/1/13-6/30/14 | \$ 11,911,557 | \$ (1,181,313) | | | 1,181,313 | | | | | | | |
| Special Education Categorical Aid | 14-495-034-5120-089 | 7/1/13-6/30/14 | 1,135,471 | (113,539) | | | 113,539 | | | | | | | |
| Security Aid | 14-495-034-5120-084 | 7/1/13-6/30/14 | 100,064 | (10,010) | | | 10,010 | | | | | | | |
| TPAF Social Security Aid | 15-495-034-5094-003 | 7/1/14-6/30/15 | 1,290,293 | | | | 1,228,221 | (1,290,293) | | \$ (62,072) | | | (1,290,293) | |
| TPAF Social Security Aid | 14-495-034-5094-003 | 7/1/13-6/30/14 | 1,295,722 | (62,305) | | | 62,305 | | | | | | | |
| On-Behalf TPAF Contributions | | | | | | | | | | | | | | |
| Pension Benefit Contributions | 15-495-034-5094-006 | 7/1/14-6/30/15 | 937,176 | | | | 937,176 | (937,176) | | | | | (937,176) | |
| Post Retirement Medical Contribution | 15-495-034-5094-001 | 7/1/14-6/30/15 | 1,487,768 | | | | 1,487,768 | (1,487,768) | | | | | (1,487,768) | |
| Total General Fund | | | | (1,367,167) | | | 16,898,850 | (16,902,649) | | \$ (62,072) | | (1,308,894) | (16,902,649) | |
| | | | | | | | | | | | | | | |
| Vocational Education-Apprentice Coordinator | 15-100-034-5062-032 | 7/1/14-6/30/15 | 24,500 | | | | 15,216 | (24,500) | | (9,284) | | | (24,500) | |
| Vocational Education-Apprentice Coordinator | 14-100-034-5062-032 | 7/1/13-6/30/14 | 20,000 | (8,818) | | | 8,818 | | | | | | | |
| Vocational Education-Carl Perkins Post-Secondary | 15-100-034-5062-032 | 7/1/14-6/30/15 | 121,913 | | | | 121,913 | (121,913) | | | | | (121,913) | |
| Vocational Education-Carl Perkins Post-Secondary | 14-100-034-5062-032 | 7/1/13-6/30/14 | 117,502 | (74,290) | | | 74,290 | | | | | | | |
| NJ Case | Not available | 4/1/14-8/30/14 | 5,000 | 5,000 | | | | (5,000) | | | | | (5,000) | |
| PAARC Assessment Assistance for Secondary Education | Not available | 7/1/14-6/30/15 | 20,000 | | | | | (20,000) | | (20,000) | | | (20,000) | |
| Coordinated School Health System Program | Not available | 9/1/14-6/30/15 | 12,000 | | | | 12,000 | (11,908) | | | \$ 92 | | (11,908) | |
| Coordinated School Health System Program | Not available | 9/1/13-6/30/14 | 16,000 | | \$ 3,107 | | | - | (3,107) | | | | | |
| Total Special Revenue Fund | | | | (78,106) | 3,107 | | 232,237 | (183,321) | (3,107) | (29,284) | 92 | | (183,321) | |
| Addt. State School Bldg Aid-SDA Grant | 03-495-034-5120-016 | 7/1/02-present | 2,340,000 | (93,701) | | | | | | (93,701) | | | (2,213,801) | |
| Addt. State School Bldg Aid-SDA Grant | | 7/1/04-present | | | | | | (97,659) | | (97,659) | | | (97,659) | |
| Total Capital Projects Fund | | | | (93,701) | | | | (97,659) | | (191,360) | | | (2,213,801) | |
| | | | | | | | | | | | | | | |
| National School Lunch Program (State Share) | 15-100-010-3350-023 | 7/1/14-6/30/15 | 7,204 | | | | 6,443 | (7,204) | | (761) | | | (7,204) | |
| National School Lunch Program (State Share) | 14-100-010-3350-023 | 7/1/13-6/30/14 | 7,054 | (966) | | | 966 | | | | | | | |
| Total Enterprise Fund | | | | (966) | | | 7,409 | (7,204) | | (761) | | | (7,204) | |
| Total State Financial Assistance | | | | \$ (1,539,942) | \$ 3,107 | \$ - | \$ 17,138,496 | \$ (17,190,833) | \$ - | \$ (283,477) | \$ - | \$ 92 | \$ (1,308,894) | \$ (19,306,975) |
| State Financial Assistance | | | | | | | | | | | | | | |
| Not Subject to Single Audit Determination | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | |
| On-Behalf TPAF Contributions | | | | | | | | | | | | | | |
| Pension Benefit Contributions | 15-495-034-5094-006 | 7/1/14-6/30/15 | 937,176 | | | | 937,176 | 937,176 | | | | | 937,176 | |
| Post Retirement Medical Contribution | 15-495-034-5094-001 | 7/1/14-6/30/15 | 1,487,768 | | | | 1,487,768 | 1,487,768 | | | | | 1,487,768 | |
| Total State Financial Assistance Subject to Single Audit Determination | | | | \$ (1,539,942) | \$ 3,107 | \$ - | \$ 14,713,552 | \$ (14,765,889) | \$ - | \$ (283,477) | \$ - | \$ 92 | \$ (1,308,894) | \$ (16,882,031) |

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, 2015

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 food service fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison 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. 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 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, 2015

3. Relationship to Basic Financial Statements (continued)

The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

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

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|--------------------------------|---------------------|----------------------|----------------------|
| General Fund | \$ 63,786 | \$ 16,898,617 | \$ 16,962,403 |
| Special Revenue Fund | 2,079,368 | 183,321 | 2,262,689 |
| Capital Projects Fund | | 97,659 | 97,659 |
| Food Service Enterprise Fund | 446,349 | 7,204 | 453,553 |
| Total financial award revenues | <u>\$ 2,589,503</u> | <u>\$ 17,186,801</u> | <u>\$ 19,776,304</u> |

4. Relationship to Federal and State Financial Reports

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

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value of USDA commodities received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2015.

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, 2015

5. Other (continued)

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2015 amounted to \$2,424,944. 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.

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

| | | | |
|--|-----------------------|----------------------------|--|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$300,000</u> | | |
| Auditee qualified as low-risk auditee? | <u> √ </u> Yes | <u> </u> No | |
| Type of auditor’s report on compliance for major programs: | <u>Unmodified</u> | | |
| Internal control over major programs: | | | |
| Material weakness(es) identified? | <u> </u> Yes | <u> √ </u> No | |
| Significant deficiency(ies) identified? | <u> </u> Yes | <u> √ </u> None Reported | |
| Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))? | <u> </u> Yes | <u> √ </u> No | |

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|-----------------------|---|
| 84.027 | IDEA, Part B |
| 10.555/10.553 | Child Nutrition Cluster |

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part II – Financial Statement Findings

State Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 442,977

Auditee qualified as low-risk auditee?

√ Yes _____ No

Type of auditor's report on compliance for major programs:

Unmodified

Internal control over major programs:

Material weakness(es) identified?

_____ Yes √ No

Significant deficiency(ies) identified?

_____ Yes √ None Reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08?

_____ Yes √ No

Identification of major programs:

| GMIS/Program Number | Name of State Program or Cluster |
|----------------------------|---|
| 495-034-5120-078 | Equalization Aid |
| 495-034-5120-089 | Special Education Categorical Aid |
| 495-034-5120-084 | Security Aid |
| 495-034-5120-097 | Per Pupil Growth Aid |
| 495-034-5120-098 | PARCC Readiness |

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part II – Financial Statement Findings

No compliance or internal control over financial reporting 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, 2015

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

No compliance or internal control findings noted that are required to be reported in accordance with OMB Circular A-133 and New Jersey State OMB Circular 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, 2015

None.