MIDDLESEX COUNTY
VOCATIONAL AND TECHNICAL HIGH SCHOOLS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

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Introductory Section

Administrative Offices

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

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

John F. Bicsko, Jr., President
Brian J. Loughlin, Superintendent

December 1, 2014

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, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Middlesex County Vocational and Technical Schools Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

(1) Reporting Entity and Its Services.

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

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 2013-14 fiscal year with an enrollment of 2,127 students.

(2) Economic Condition and Outlook.

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

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

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

(3) Major Initiatives.

Technology continues to be at the forefront of all the District's initiatives. Our commitment remains steadfast as we make technical advances throughout the District. On the administrative side, we introduced a new student information system known as "Genesis." The Genesis system is tailored for New Jersey schools providing an invaluable reporting structure that will save countless man hours moving forward. Instructionally we continue to expand the integration of technology into our classrooms and shops. The introduction of digital proximas and large screen monitors supported with elmos and Ipads have significantly enhanced our instructional efforts. Updating desktops and software is essential to keep up with the State's new PARCC initiative. New curriculum continues to be a priority and provides technological support to the instructional program.

While we recognize expanding technology issues, we also acknowledge our traditions and we try to maintain some vestige of our heritage: machine shops, culinary, carpentry, HVAC, automotive technologies - and thus nurture *a commitment to the industries and unions that have built America* - and continue to do so. The remodeling and refreshing of vital shop areas in our District has served to stimulate interest and dispel complacency. Through capital funding and Carl Perkins grant funding we continue to upgrade shop equipment and facilities. It is always our objective to train student on current technologies and state of the art equipment.

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

Our Academy also for Science, Mathematics and Engineering Technologies continues to thrive and remains at capacity. The Academy was honored during 2013 as the proud recipient of the National Blue Ribbon Award for being an Exemplary High Performing School. It was also certainly no surprise the US News and World Reports continued to list the Academy as a gold medal school and one of the best high schools in the

Country. It's clear by their achievements that the concept is a successful one. College placements for the senior class in 2013-14 were the culmination and confirmation of the school's continued success. The 2014 Senior Class graduating from the Academy will all be attending Colleges and Universities around the country.

These include the following:

• Boston College	• Rutgers University
• Carnegie Mellon University	• St. Peters University
• Drexel University	• Stevens Institute of Technology
• Fordham University	• Syracuse University
• John Hopkins University	• The College of New Jersey
• New Jersey Institute of Technology	• Temple University
• Northeastern University	• UCLA
• Penn State University	• Vanderbilt University
• Perdue University	• Villanova University

The Academy for Allied Health and Biomedical Sciences is proud of receiving recognition from U.S. News and World Report as a 2014 Gold Award winner. 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 Academy on a daily basis. The Academy provides 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 with an emphasis on math and science are integrated into the career majors of Allied Health and Biomedical Sciences. The Academy for Allied Health and Biomedical Sciences is our response to regional needs for skilled health care professionals. The Academy prepares students to enter higher education – college and beyond, which is needed for many of the careers our students will pursue including physicians, pharmacists and allied biomedical professionals. Some of the colleges the class of 2014 will be attending are as follows:

• Brown University	• Pace University
• Carnegie Mellon University	• Penn State University
• Columbia University	• Rutgers University
• Drexel University	• Seton Hall University
• Duke University	• St. John's University
• Harvard University	• Temple University
• Lehigh University	• The College of New Jersey
• New Jersey Institute of Technology	• Villanova University
• Northeastern 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. During the spring of 2014 the district completed a major renovation of the Cosmetology Program area at our Piscataway Campus. The shop was gutted and completely replaced including furniture, equipment and flooring. The update provides a true "Salon-like" experience for students, instructors and potential customers. The District also offers certificated programs in the area of HVAC, Electrical Technology, Manicurist, Plumbing Technology, and Skin Care Specialist.

These programs offer an affordable educational alternative to adults that are looking for new career opportunities.

The practical measure of success for a vocational school, however, is the appropriate placement of students in jobs. This is a fundamental element of success because it validates the vocational-technical experience. Fortunately, in this most important criterion, MCVTHS *excels*. This year's report included demographic data of 467 students who completed their education in 2013. Our overall percentage for job placement in 2013 was 96%. Job placement in all trades for which the students were trained was 82%. Also noteworthy is the fact that 56% 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 82% 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, 2014.

(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, 2014 to include the Basic Financial Statements and Management's Discussion and Analysis. The Basic Financial Statements present information on two separate sets of financial statements. The District-wide statements reflect the District's activities as a whole on the full accrual basis of accounting. The Fund financial statements present the District's activities on an individual fund basis.

(7) Cash Management.

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

(8) Risk Management (Insurance).

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

Other Information.

(A) Independent Audit

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

(B) Awards and Recognition

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

- The Academy for Science, Mathematics and Engineering Technologies was the proud recipient of the 2013 National Blue Ribbon Schools Award for being an Exemplary High Performing School. Their school was one of 15 recipients in New Jersey. The award validates their rigorous and innovative STEM curriculum, the quality and effectiveness of the teachers and administration, and most importantly the extraordinary achievements of the Academy students.

- 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 20 Turkeys and 10 Hams for the feast held on November 27th.

- Middlesex County Academy for Science, Mathematics and Engineering Technologies was named one of fifteen Lemelson—MIT Grant Inventeams. They were awarded a $10,000 grant that will allow them to build their proposed invention—an autonomous unmanned aerial vehicle that will help small farmers spray their crops.

- Various players for various sports were named as 2014 GMC Scholar Athletes and received Sportsmanship Awards. Four players were named GMC All Gold Division for Baseball. Five players were named GMC All Gold Division for Softall. East Brunswick Baseball Coach Todd Sak was named Coach of the Year Gold Division. Five players were awarded the N.J.S.I.A.A scholar athlete awards.

- The Academy for Allied Health and Biomedical Sciences is proud of receiving recognition from U.S. News and World Report as a 2014 Gold Award winner. 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 Academy on a daily basis.

- 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 fourth among New Jersey public high schools.

- The Culinary Arts program at the Piscataway Campus placed 2nd overall in a Chef's Choice food Competition held at the Atrium in Robert Wood Johnson Hospital. The event was sponsored by the American Culinary Federation and all proceeds were to benefit the regional food banks. There were 6 other schools that were in competition.

- 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 members of the New Jersey FFA received five 1st place awards from our East Brunswick Campus and two 1st place awards from our Piscataway Campus. The campuses won in a variety of categories in the Horticulture Exposition of 2014.

- East Brunswick, East Brunswick School of Career of Development, Perth Amboy, Piscataway, and Piscataway School of Career Development all participated in the 2014 NJ Sills USA Competition.

There were a total of thirty nine students who competed. East Brunswick had one 3rd place award, East Brunswick Career Development had two 2nd place awards and Piscataway had one 2nd place award.

- Piscataway's All Eyes on PVT placed second in this year's American Scholastic Press Association's national contest.

- The District participated in the 2014 Middlesex County Public Service Announcement Contest Don't Drive Dangerously campaign. The Academy for Science, Mathematics and Engineering Technologies won 1st place in the Audio category.

- *Numerous special project grants,* which total over $2.0 million, comprise another dimension of the awards and recognition received by the District over the 2013-14 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.

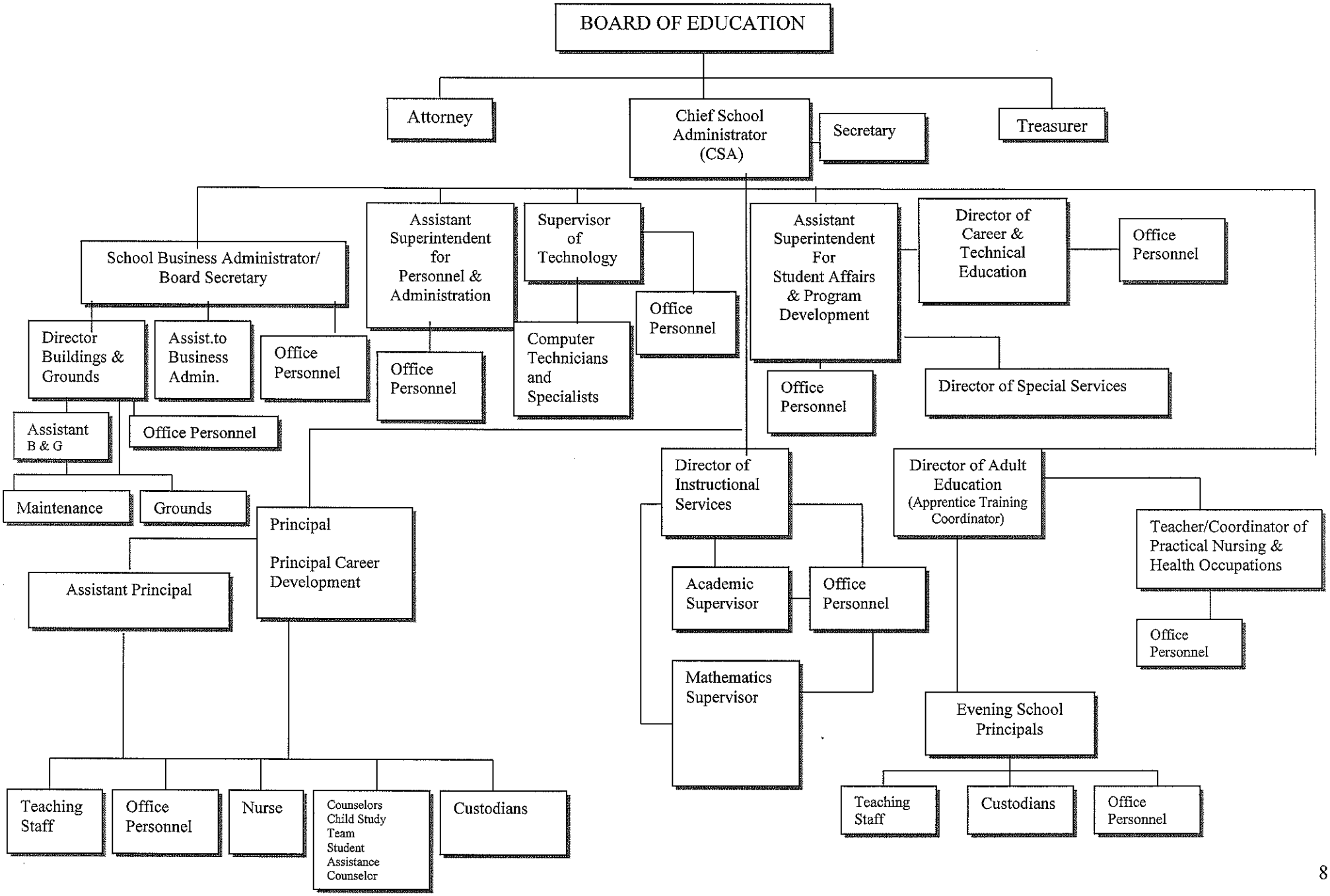
We would like to express our appreciation to the members of the Middlesex County Vocational and Technical Schools Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the County and thereby contributing their full support to the development and maintenance 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, 2014



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

Roster of Officials

June 30, 2014

Members of the Board of Education	**Term Expires**
Mr. John F. Bicsko, Jr., President	2014
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.
PO Box 758
Sommerville, NJ 08876

Attorney

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

Official Depositories

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

Financial Section

WISS
A Partner to Grow With

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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information as identified 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 04-04, *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 previously 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 1, 2014 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
WISS & COMPANY, LLP

December 1, 2014
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, 2014
UNAUDITED

The following represents the Middlesex County Vocational and Technical High Schools' (the "District") discussion and analysis for fiscal year ended June 30, 2014. 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 represents the resources available to the District after all the liabilities have been satisfied.

Assets - **Liabilities** = **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.

Expenses	-	**Program Revenue**	=	**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 asset of governmental activities on the statement of net asset (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 36-61 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 62-85 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, 2014 and 2013:

Table 1
Net Position
As of
(In Millions)

	June 30, 2014 District Totals	June 30, 2013 District Totals
Current and other assets	$ 7.2	$ 8.8
Capital assets	66.3	66.3
Total assets	73.5	75.1
Current and other liabilities	(1.1)	(3.3)
Long-term liabilities	(1.6)	(1.7)
Total liabilities	(2.7)	(5.0)
Net position		
Invested in capital assets	66.3	66.3
Restricted	3.7	2.9
Unrestricted	0.8	0.9
Total net position	$ 70.8	$ 70.1

An examination of Table 1 indicates the results of operations for the 2013-2014 school year resulted in a $0.7 million increase in total net position primarily through restricted net position. In contrast with the prior year there was an increase in capital resources available at the year-end as several projects were still in the planning phase. The table also reveals a significant decrease in current and other liabilities accompanying a decrease in current and other assets. The district received "pass through" funds from a significantly aged state facilities grant due back to the County of Middlesex. The amounts were previously recorded as a receivable and a payable on the district's financial records.

Table 2 offers a closer look at the $0.8 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	1.2
Unfunded pension liability	(0.5)
Unfunded compensated absences	(1.1)
Results from operations	1.0
Total	$0.8

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, 2014. These mounts are recorded in unrestricted net position and re-appropriated in next year's budget.

Designated in subsequent year: This value represents the estimated amount of fund balance that will be needed to support the 2014-2015 budget. The annual school budget is prepared and adopted prior to the start of the new fiscal year (July 1, 2014).

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

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

As demonstrated by Table 2, the pension liability and compensated absences are recorded as a reduction against unrestricted net 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, 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 most of net position remains 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 changes in net position between the two fiscal years.

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

	June 30, 2014	June 30, 2013
Revenues:		
Program Revenues		
Federal and state grants	$ 1.6	$ 1.8
General Revenues		
Property taxes	23.8	23.3
Federal and state aid, not restricted	16.8	17.1
County Capital Contribution	3.1	3.1
Other General Revenues	1.5	1.3
Total revenues	46.8	46.6
Functions/Program Expenses:		
Instruction		
Regular	8.3	8.5
Other special instruction	0.2	0.2
Vocational	11.2	11.0
Other instruction	0.8	0.7
Support Services		
Student and instruction related Services	5.8	6.1
General administrative service	1.4	1.4
School administrative services	3.9	3.8
Plant operations and maintenance	8.4	8.1
Pupil transportation	0.2	0.1
Business and other support services	1.9	1.9
Special Schools	1.9	2.1
Unallocated depreciation	2.1	2.0
Total expenses	46.1	45.9
Increase in net position	$ 0.7	$0.7

The 2013-14 school year provided a $0.7 million increase in net position. A review of table 3 reveals a small increase in support expenditures while total instructional expenses remained fairly consistent. Support service expenses increased with additional building maintenance cost and health benefit rates. Increases in property tax and other revenues offset expenses resulting in a similar outcome with regard to net position.

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, 2014	June 30, 2013
Program Revenues		
Charges for services	$230.0	$252.0
Federal and state reimbursement program	448.7	422.9
Total revenue	678.7	674.9
Functions/Programs		
Food Services	682.7	682.9
Total expenses	682.7	682.9
Insurance Recovery from Super Storm Sandy	0	21.0
(Decrease) Increase in net position	$(4.0)	$ 13.0

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 2014 fiscal year, operating revenues decreased with a drop in special function revenue and in adult sales. Operating expenditures were similar when compared with the prior year. The food service did have a slight shortfall in 2014 but no district contribution was necessary as there was adequate surplus to cover the deficit. The district's contribution for food service operations was $0 (Table 4) for the 2014 and 2013 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, 2014 and increases and decreases as compared to the prior year.

Revenue	Amount	Percent of Total	Increase (Decrease)	Percent of Increase (Decrease)
Local Sources	$28,358,523	60.82%	$ 551,994	2.0%
State Sources	16,524,779	35.44	(510,672)	(3.0)
Federal Sources	1,741,201	3.74	123,180	7.60
Total:	$ 46,624,503	100.00%	$ 164,502	0.35%

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

Revenue from State Sources decreased from the additional state aid received from the Department of Education in the prior year.

Federal Aid increased with additional funds received for our federal grants and Medicaid.

(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, 2014, and the percentages of total increases and decreases as compared to the prior year.

Expenditures	Amount	Percent of Total	Increase (Decrease)	Percent of Increase (Decrease)
Current Expense:				
Instruction	$ 14,569,925	31.49%	$ 228,349	1.59%
Undistributed Expenditures	27,398,236	59.22	(45,615)	(0.17)
Capital Outlay	2,954,528	6.38	(1,658,760)	(35.96)
Special Schools	1,345,582	2.91	(116,599)	(7.97)
Total:	$ 46,268,271	100.00%	$ (1,592,625)	(3.33)%

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

Support expenses decreased slightly from the prior year. Although the district experienced increases in fringe benefits and building maintenance, they were offset by a decrease in support salaries from several retirements in the prior year.

Capital outlay decreased with more planning and less project completion in the current year.

Special Schools expense decreased as demand for some programs unexpectedly fell.

BUDGET ANALYSIS

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

Revenue:

1. Taxes were collected and received in the amount budgeted for.

2. Interest earned was received under budget as interest rates remain extremely low and the cost of bank services increase.

3. Tuition collections were under amounts budgeted. Actual revenue increased slightly over the prior year due to amounts collected for Cosmetology and LPN tuition.

4. Miscellaneous revenue collections were received over budget. This is mainly due from the cancellation of prior year's accounts payable.

Expenditures:

<u>Original Budget vs. Final Budget</u>

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 and vocational instruction resulting from an unanticipated increase in substitutes and extra duty pay.

3. Amounts budgeted for communications/telephone was in excess of the resources needed mainly due to change in provider and lower internet costs 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 gas and 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 athletics.

7. While fringe benefit costs increased over the prior year, budgeted amounts were in excess of the resources needed to satisfy current year cost. Both unemployment claims and PERS contributions were lower than expected.

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. 62-67), 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. Health benefits were less than budgeted as rate increases were smaller than expected.

4. Conservative estimates for gas and 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 field trips taken.

7. Workers compensation claim expense came in lower than anticipated.

8. Instructor expense, supply cost, and other expense for evening school were over anticipated. Certain programs were not operated due to a lack of enrollment.

9. SDA assessments on debt were cut by the state after the budget was approved.

CAPITAL ASSETS AND LONG-TERM DEBT

CAPITAL ASSETS

As of June 30, 2014, capital assets for the district totaled $66.3 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, 2014
(In Millions)

	Governmental Activities
Land and site improvements	$ 10.4
Building and building improvements	50.8
Furniture and equipment	4.0
Construction-in-progress	1.1
	$ 66.3

The net investment in capital assets increased 0.05% from the prior year. That increase included depreciation expense of $2.82 million offset by additions recorded in the amount of $2.86 million. The following is the detail of those additions:

	Additions (in millions)
East Brunswick Roof Replacement	$.27
East Brunswick Bathroom Upgrades	.30
East Brunswick Stage Lighting and Sound	.26
East Brunswick Green Lab	.51
Construction in Progress	.66
Equipment	.86
	$2.86

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 it's funding for capital expenditures through Middlesex County. The only debt on the District's books as of June 30, 2014 relates to funds borrowed from the State of New Jersey's pension fund for an early incentive retirement program. Payments are made annually for interest and principle over a 20 year period.

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

OTHER CONSIDERATIONS

Finance continues to be an area of consideration due to the economic uncertainty the state and county are facing. While state aid in the past had remained fairly consistent with small formula based increases over the years, there is no indication of how schools will be funded in the future at the State level. The district did remain flat in the 2013-14 and 2014-15 school years, illustrating the states volatile financial picture and validating concerns over school funding. 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 is 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 will be implemented in the next couple of years. 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, 2014.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 3,874,547		$ 3,874,547
Internal balances	(61,594)	$ 61,594	
Accounts receivable	3,234,643	46,766	3,281,409
Inventory		6,242	6,242
Other asset	1,556		1,556
Restricted assets:			
Capital reserve account - cash	100		100
Capital assets, non-depreciable	8,344,163		8,344,163
Capital assets, depreciable, net	57,954,030	8,057	57,962,087
Total Assets	73,347,445	122,659	73,470,104
LIABILITIES			
Accounts payable	685,576	56,367	741,943
Payable to state government	3,107		3,107
Payable to other governments	93,701		93,701
Insurance claims payable	125,139		125,139
Other payables	3,412	198	3,610
Unearned revenue	21,020		21,020
Noncurrent liabilities:			
Due within one year	202,904		202,904
Due beyond one year	1,417,219		1,417,219
Total liabilities	2,552,078	56,565	2,608,643
NET POSITION			
Net investment in capital assets	66,298,193	8,057	66,306,250
Restricted for:			
Capital projects	3,610,372		3,610,372
Other purposes	69,078		69,078
Unrestricted	817,724	58,037	875,761
Total net position	$ 70,795,367	$ 66,094	$ 70,861,461

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, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:						
Instruction:						
Regular	$ 8,270,558		$ 440,661	$ (7,829,897)		$ (7,829,897)
Other special instruction	162,138			(162,138)		(162,138)
Vocational	11,254,516		524,637	(10,729,879)		(10,729,879)
Other instruction	764,677			(764,677)		(764,677)
Support services:						
Support services	5,841,283		637,875	(5,203,408)		(5,203,408)
General administrative services	1,399,392			(1,399,392)		(1,399,392)
School administrative services	3,883,373			(3,883,373)		(3,883,373)
Plant operations and maintenance	8,419,669			(8,419,669)		(8,419,669)
Pupil transportation	158,097			(158,097)		(158,097)
Business and other support services	1,913,408			(1,913,408)		(1,913,408)
Special schools	1,898,010			(1,898,010)		(1,898,010)
Unallocated depreciation	2,135,093			(2,135,093)		(2,135,093)
Total governmental activities	46,100,214		1,603,173	(44,497,041)		(44,497,041)
Business-type activities:						
Food Service	682,670	$ 230,385	448,727		$ (3,558)	(3,558)
Total business-type activities	682,670	230,385	448,727		(3,558)	(3,558)
Total primary government	$ 46,782,884	$ 230,385	$ 2,051,900	(44,497,041)	(3,558)	(44,500,599)
General revenues:						
Property taxes, levied for general purposes				23,813,430		23,813,430
Federal and State aid not restricted				16,832,840		16,832,840
County capital contribution				3,100,000		3,100,000
Tuition				707,455		707,455
Miscellaneous income				704,347	-	704,347
Total general revenues				45,158,072	-	45,158,072
Change in net position				661,031	(3,558)	657,473
Net Position---beginning of year				70,134,336	69,652	70,203,988
Net Position---end of year				$ 70,795,367	$ 66,094	$ 70,861,461

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, 2014

	Major Funds			
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 3,874,547			$ 3,874,547
Accounts receivable:				
Interfund	358,448		$ 1,466,527	1,824,975
Federal	35,484	$ 336,317		371,801
State	62,305	83,108	93,701	239,114
Other governments	113,441	107,439	2,200,000	2,420,880
Other	202,848			202,848
Other asset		1,556		1,556
Restricted assets:				
Cash and cash equivalents	100			100
Total assets	$ 4,647,173	$ 528,420	$ 3,760,228	$ 8,935,821
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 446,397	$ 183,024	$ 56,155	$ 685,576
Intergovernmental payables:				
State		3,107		3,107
Other governments			93,701	93,701
Interfunds payable	1,552,414	335,395		1,887,809
Insurance claims payable	125,139			125,139
Other payables	2,172			2,172
Unearned revenue	14,126	6,894		21,020
Total liabilities	2,140,248	528,420	149,856	2,818,524
Fund balances:				
Restricted for:				
Capital reserve account	100			100
Excess Surplus - current year	68,978			68,978
Capital projects			3,610,372	3,610,372
Assigned to:				
Designated for subsequent years expenditures	1,200,000			1,200,000
Other Purposes	227,509			227,509
Unassigned	1,010,338			1,010,338
Total fund balances	2,506,925		3,610,372	6,117,297
Total liabilities and fund balances	$ 4,647,173	$ 528,420	$ 3,760,228	

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 $ 115,008,964 and the accumulated depreciation is $48,710,771 (see Note 4).	66,298,193
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 5).	(1,620,123)
Net position of governmental activities	$ 70,795,367

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, 2014

	Major Funds			
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local sources:				
Local tax levy	$ 23,813,430			$ 23,813,430
County capital contribution			$ 3,100,000	3,100,000
Tuition charges	707,455			707,455
Miscellaneous	567,605	$ 170,033		737,638
Total local sources	25,088,490	170,033	3,100,000	28,358,523
State sources	16,369,384	155,395		16,524,779
Federal sources	66,452	1,674,749		1,741,201
Total revenues	41,524,326	2,000,177	3,100,000	46,624,503
EXPENDITURES				
Current:				
Regular instruction	5,428,301	381,069		5,809,370
Other special instruction	111,567			111,567
Vocational education	7,613,652	459,183		8,072,835
Other instruction	576,153			576,153
Support services and undistributed costs:				
Support Services	3,613,527	553,534		4,167,061
General administrative services	1,134,988			1,134,988
School administrative services	2,621,641			2,621,641
Plant operations and maintenance	7,014,912			7,014,912
Pupil transportation	158,097			158,097
Business and other support services	1,346,551			1,346,551
Unallocated benefits	10,745,599	209,387		10,954,986
Capital outlay	98,382	397,004	2,459,142	2,954,528
Special schools	1,345,582			1,345,582
Total expenditures	41,808,952	2,000,177	2,459,142	46,268,271
(Deficiency) excess of revenues (under) over expenditures	(284,626)	-	640,858	356,232
OTHER FINANCING SOURCES				
Insurance recovery related to other costs of Super Storm Sandy	86,554		50,188	136,742
Total other financing sources	86,554	-	50,188	136,742
Net change in fund balances	(198,072)	-	691,046	492,974
Fund balance, July 1	2,704,997	-	2,919,326	5,624,323
Fund balance, June 30	$ 2,506,925	$ -	$ 3,610,372	$ 6,117,297

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

See accompanying notes to the basic financial statements.

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2014

Total net change in fund balances - governmental funds (from B-2)		$ 492,974
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	$ 2,856,146	
Depreciation expense	(2,822,961)	33,185
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.		150,000
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 (+).		(15,128)
Change in net position of governmental activities (A-2)		$ 661,031

See accompanying notes to the basic financial statements.

Enterprise Fund

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Statement of Net Position
Enterprise Fund
June 30, 2014

	Major Fund Food Service
ASSETS	
Current assets:	
Accounts receivable:	
State	$ 966
Federal	38,692
Interfund	61,594
Other	7,108
Inventory	6,242
Total current assets	114,602
Noncurrent assets:	
Capital assets:	
Furniture, machinery & equipment	35,068
Less accumulated depreciation	(27,011)
Total capital assets, net	8,057
Total assets	122,659
LIABILITIES	
Current liabilities:	
Accounts payable	56,367
Other payables	198
Total current liabilities	56,565
NET POSITION	
Net investment in capital assets	8,057
Unrestricted	58,037
Total net position	$ 66,094

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, 2014

	Major Fund Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	$ 83,508
Daily sales - non-reimbursable programs	140,433
Special functions	6,444
Total operating revenues	230,385
Operating expenses:	
Salaries	381,366
Cost of sales	169,405
Other purchased services	69,784
General supplies	60,249
Depreciation	1,664
Other expenses	202
Total operating expenses	682,670
Operating (loss)	(452,285)
Nonoperating revenues:	
State sources:	
State school lunch program	7,054
Federal sources:	
National school lunch program	301,509
PB lunch - HHFKA	7,697
National school breakfast program	114,514
Food donation program	17,953
Total nonoperating revenues	448,727
Change in net position	(3,558)
Total net position—beginning of year	69,652
Total net position—end of year	$ 66,094

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, 2014

	Major Fund Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 224,841
Payments to employees	(381,366)
Payments to suppliers	(305,876)
Net cash used in operating activities	(462,401)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from state reimbursements	7,828
Cash received from federal reimbursements	487,543
Cash disbursed to other funds	(32,970)
Net cash provided by noncapital financing activities	462,401
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	$ (452,285)
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Depreciation	1,664
(Increase) in other receivables	(5,544)
Decrease in inventories	5,729
Increase in other liabilities	77
(Decrease) in accounts payable	(12,042)
Total adjustments	(10,116)
Net cash (used in) operating activities	$ (462,401)

The District received $17,953 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2014.

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, 2014

	Private-Purpose Scholarship Fund	Agency Fund
ASSETS		
Cash and cash equivalents	$ 7,030	$ 429,949
Interfund receivable		1,240
Total assets	7,030	$ 431,189
LIABILITIES		
Due to student groups		$ 96,266
Payroll deductions and withholdings payable		334,923
Total liabilities		$ 431,189
NET POSITION		
Held in trust for scholarships	$ 7,030	

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, 2014

	Private-Purpose Scholarship Fund
ADDITIONS	
Investment earnings:	
Interest	$ 1
Total additions	1
DEDUCTIONS	
Bank service charges	191
Total deductions	191
Change in net position	(190)
Net position—beginning of the year	7,220
Net position—end of the year	$ 7,030

See accompanying notes to the basic financial statements.

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.

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.

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 and unfunded pension liabilities are recorded only when payment is due.

1. Summary of Significant Accounting Policies (continued)

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

Property taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when the District receives cash.

The District has reported the following major governmental funds:

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

Special Revenue Fund: The District maintains one special revenue fund which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including that acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds).

The District reports the following major proprietary fund:

Food Service Enterprise Fund: The food service enterprise fund accounts for all revenues and expenses pertaining to the cafeteria operations. This fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation) 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.

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

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, 2014 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.

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:

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

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 $1,125,123 at June 30, 2014. 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 2014 programs received prior to June 30, 2014.

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 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.

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.

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 $2,506,925 of fund balances in the General Fund, $227,509 of encumbrances is assigned to other purposes, $100 has been restricted for the capital reserve, $68,978 has been restricted for excess surplus – current year, $1,200,000 has been classified as assigned fund balance designated for subsequent years expenditures and $1,010,338 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, 2014 was $68,978, which will be required to be appropriated in the 2015-2016 budget.

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

Implementation of GASB No. 65

In March, 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB No. 65"). This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The District implemented this statement during the 2014 fiscal year and the adoption did not materially affect the classification of balances on the Statement of Net Position.

1. Summary of Significant Accounting Policies (continued)

N. Net Position (continued)

GASB No. 68 to be 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 inter-period equity, and creating additional transparency. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The requirements of this Statement are effective for financial statements for periods ending on or after June 30, 2015. The District has not completed the process of evaluating the impact that will result from adopting GASB No. 68.

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. The amounts are not required to be included in the District's annual budget.

1. Summary of Significant Accounting Policies (continued)

Q. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2014 and December 1, 2014, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental 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 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 Liability - County	$ 495,000
Compensated absences	1,125,123
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	$ 1,620,123

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.

3. Deposits and Investments (continued)

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

Deposits

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

3. Deposits and Investments (continued)

Deposits (continued)

Operating cash, in the form of Negotiable Order of Withdrawal ("NOW") accounts, is held in the District's name by commercial banking institutions. At June 30, 2014, the District's carrying amount of deposits was $4,311,626 and the bank balance was $5,070,079. Of the bank balance, $500,000 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of $4,081,604. $488,474 held in the District agency accounts are not covered by GUDPA.

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

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

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

Investments

New Jersey statutes permit the Board to purchase the following types of investments; however there are no investments held by the District at June 30, 2014:

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.

3. Deposits and Investments (continued)

Investments (continued)

c. State of New Jersey Cash Management Fund and New Jersey Asset and Rebate Management Fund.

d. Bonds or other obligations of the School District.

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2014:

	Beginning Balance	Increases	Transfers/ Disposals	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$7,307,200			$7,307,200
Construction in progress	381,559	$ 1,462,363	$ (806,959)	1,036,963
Total capital assets, not being depreciated	7,688,759	1,462,363	(806,959)	8,344,163
Capital assets, being depreciated:				
Site improvements	6,317,332			6,317,332
Buildings & building improvements	81,763,511	498,133	806,959	83,068,603
Machinery and equipment	16,426,666	895,650	(43,450)	17,278,866
Total capital assets, being depreciated	104,507,509	1,393,783	763,509	106,664,801
Less accumulated depreciation for:				
Site improvements	(2,940,445)	(249,624)		(3,190,069)
Buildings & building improvements	(30,372,040)	(1,885,668)		(32,257,708)
Machinery and equipment	(12,618,775)	(687,669)	43,450	(13,262,994)
Total accumulated depreciation	(45,931,260)	(2,822,961)	43,450	(48,710,771)
Total capital assets, being depreciated, net	58,576,249	(1,429,178)	806,959	57,954,030
Governmental activities capital assets, net	$ 66,265,008	$ 33,185	$ -	$ 66,298,193

4. Capital Assets (continued)

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

Regular instruction	$ 138,612
Vocational instruction	192,619
Support services	99,427
School administrative services	62,553
General administrative services	27,081
Plant operations and maintenance	167,377
Unallocated depreciation	2,135,292
	$ 2,822,961

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2014:

Capital assets being depreciated:	Beginning Balance	Increases	Ending Balance
Equipment	$ 35,068		$ 35,068
Less accumulated depreciation	(25,347)	$ (1,664)	(27,011)
Total business-type activities capital assets, net	$ 9,721	(1,664)	$ 8,057

5. Long-Term Liabilities

During the year ended June 30, 2014, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences payable	$ 1,109,995	$ 292,362	$ (277,234)	$ 1,125,123	$ 47,904
Unfunded pension liability-county	645,000		(150,000)	495,000	155,000
Governmental activities Long-term liabilities	$ 1,754,995	$ 292,362	$ (427,235)	$ 1,620,123	$ 202,904

5. Long-Term Liabilities (continued)

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

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

Fiscal Year Ending June 30:	Amount
2015	$ 176,543
2016	178,287
2017	179,515
Total minimum pension payments	534,345
Less: amount representing interest	39,345
Present value of net minimum pension payments	$ 495,000

Bonds Payable and Bonds Authorized but Not Issued

As of June 30, 2014, 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, 2014, debt outstanding and recorded in the financial statements of the County of Middlesex related to the District amounted to $26,880,000.

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 $1/55^{th}$ 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 $1/60^{th}$ 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.

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.

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, 2014, the State of New Jersey contributed $1,926,570 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 $1,295,722 during the year ended June 30, 2014 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, 2014, 2013, and 2012 were $537,500, $547,852, and $586,443, respectively, equal to the required contributions for each year.

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.

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, 2013, there were 100,134 retirees eligible for post-retirement medical benefits, and the State contributed $1.07 billion on their behalf. 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 $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in fiscal year 2013.

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, 2014, 2013 and 2012 were $1,196,704, $1,337,630, and $1,179,454 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.

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.

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.

8. Risk Management (continued)

Changes in the District's insurance claims liability amount in fiscal years 2014, 2013, and 2012 were:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2013-14	$ 167,535	$ 3,686	$ (46,082)	$ 125,139
2012-13	242,950	2,491	(76,924)	167,535
2011-12	250,195	116,261	(123,506)	242,950

9. Deferred Compensation

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

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

10. Interfund Receivables and Payables

The total interfund accounts receivables and payables for the District are as follows at June 30, 2014:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 358,448	$ 1,552,414
Special Revenue Fund		335,395
Capital Projects Fund	1,466,527	
Enterprise Fund – food service	61,594	
Agency Fund	1,240	
	$ 1,887,809	$1,887,809

10. Interfund Receivables and Payables (continued)

The interfund payable in the special revenue fund represents amounts owed to the general fund as a result of the reimbursement procedures under which the District must spend the funds before requesting reimbursement from the State of New Jersey. The interfunds between the general fund, capital projects fund, the enterprise fund – food service and the 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, 2014 may be impaired. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), relating to its capital projects. The District is required to expend funds in accordance with its approved final eligible costs.

The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2014 may be impaired.

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

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

13. Capital Reserve Account

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

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

The capital reserve balance at June 30, 2014 was $100 and no deposits or withdrawals were made during the year ended June 30, 2014.

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, 2014 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of $227,509.

In addition, the District has $2,566,515 of contractual commitments at June 30, 2014 to vendors related to the ongoing construction projects, recorded as restricted for capital projects, in the capital projects fund.

Required Supplementary Information – Part II

Budgetary Comparison Schedules

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 23,813,430		$ 23,813,430	$ 23,813,430	
Tuition Charges	805,380		805,380	707,455	$ (97,925)
Miscellaneous	531,100		531,100	567,605	36,505
Total - Local Sources	25,149,910	-	25,149,910	25,088,490	(61,420)
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	
TPAF Pension (On-Behalf - Non-Budgeted)				1,926,570	1,926,570
TPAF Social Security (Reimbursed - Non-Budgeted)				1,295,722	1,295,722
Total State Sources	13,147,092	-	13,147,092	16,369,384	3,222,292
Federal Sources:					
Medicaid Reimbursement	37,290		37,290	23,617	(13,673)
Medicaid Admin Clearing Reimbursement				7,351	7,351
Medicaid Cost Settlement				35,484	35,484
Total Federal Sources	37,290	-	37,290	66,452	29,162
Total Revenues	38,334,292	-	38,334,292	41,524,326	3,190,034
EXPENDITURES:					
Current Expenditures:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	5,040,315	$ 60,000	5,100,315	5,083,462	16,853
Purchased Educational Services	25,000	(5,000)	20,000	16,875	3,125
Other Purchased Services	2,407		2,407		2,407
General Supplies	222,500	(10,693)	211,807	173,036	38,771
Textbooks	113,950		113,950	105,776	8,174
Other Objects	2,500		2,500	25	2,475
Regular Programs - Home Instruction					
Salaries of Teachers	40,000	(5,000)	35,000	30,579	4,421
Purchased Educational Services	10,000	10,000	20,000	18,548	1,452
Total Regular Programs	5,456,672	49,307	5,505,979	5,428,301	77,678
Bilingual Education - Instruction					
Salaries of Teachers	124,377	(10,000)	114,377	110,896	3,481
General Supplies	3,820		3,820	671	3,149
Total Bilingual Education - Instruction	128,197	(10,000)	118,197	111,567	6,630
Regular Vocational Programs - Local - Instruction					
Salaries of Teachers	2,863,510	50,000	2,913,510	2,908,051	5,459
Purchased Professional-Educational Services	22,500	5,000	27,500	23,765	3,735
Other Purchased Services	388,350	(35,000)	353,350	325,722	27,628
General Supplies	507,600	141,424	649,024	596,480	52,544
Textbooks	37,450	(10,000)	27,450	24,651	2,799
Other Objects	2,500	578	3,078	2,592	486
Total Regular Vocational Programs - Local - Instruction	3,821,910	152,002	3,973,912	3,881,261	92,651
Special Vocational Programs - Local - Instruction					
Salaries of Teachers	3,183,165	9,000	3,192,165	3,184,626	7,539
Purchased Professional-Educational Services	5,000		5,000		5,000
Other Purchased Services	154,785	35,000	189,785	184,142	5,643
General Supplies	289,537	61,899	351,436	317,930	33,506
Textbooks	35,000	16,000	51,000	43,558	7,442
Other Objects	2,500		2,500	2,135	365
Total Special Vocational Programs - Local - Instruction	3,669,987	121,899	3,791,886	3,732,391	59,495

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Co curricular Actvts. - Instruction					
Salaries	$ 106,141		$ 106,141	$ 102,156	$ 3,985
General Supplies	7,500	$ (1,000)	6,500	1,073	5,427
Other Objects	15,000	4,000	19,000	15,156	3,844
Transfers to Cover Deficit (Agency Funds)	2,000	1,000	3,000	2,269	731
Total School-Spon. Co curricular Actvts. - Instruction	130,641	4,000	134,641	120,654	13,987
School-Spon. Athletics - Instruction					
Salaries	292,424	21,000	313,424	311,250	2,174
Purchased Services	40,540		40,540	33,520	7,020
Supplies and Materials	92,020		92,020	88,241	3,779
Other Objects	23,600		23,600	22,488	1,112
Total School-Spon. Athletics - Instruction	448,584	21,000	469,584	455,499	14,085
Total Instruction	13,655,991	338,208	13,994,199	13,729,673	264,526
Undistributed Expenditures:					
Undist. Expend. - Health Services					
Salaries	354,954	(15,000)	339,954	334,054	5,900
Purchased Professional Services	40,000	7,500	47,500	42,392	5,108
Supplies and Materials	16,000		16,000	13,573	2,427
Other Objects	500		500	115	385
Total Undistributed Expenditures - Health Services	411,454	(7,500)	403,954	390,134	13,820
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries of Other Professional Staff	125,201	(7,500)	117,701	116,051	1,650
Educational Services	3,000		3,000		3,000
Supplies and Materials	3,000		3,000	2,050	950
Total Undist. Expend.-Other Supp. Serv. Students-Related Serv.	131,201	(7,500)	123,701	118,101	5,600
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	856,741	(12,000)	844,741	840,256	4,485
Salaries of Secretarial and Clerical Assistants	197,897		197,897	194,165	3,732
Other Purchased and Technical Services	2,000		2,000		2,000
Other Purchased Services	10,500	(5,000)	5,500	228	5,272
Supplies and Materials	23,500	710	24,210	17,007	7,203
Other Objects	5,000		5,000	745	4,255
Total Undist. Expend. - Guidance	1,095,638	(16,290)	1,079,348	1,052,401	26,947
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	797,286	(3,000)	794,286	784,765	9,521
Salaries of Secretarial and Clerical Assistants	200,460	3,000	203,460	202,303	1,157
Other Purchased and Technical Services	9,000		9,000	7,795	1,205
Other Purchased Services	6,400		6,400	150	6,250
Supplies and Materials	7,700	1,365	9,065	5,673	3,392
Other Objects	2,750		2,750		2,750
Total Undist. Expend. - Child Study Teams	1,023,596	1,365	1,024,961	1,000,686	24,275
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	388,593		388,593	383,592	5,001
Salaries of Secretarial and Clerical Assistants	137,115		137,115	127,876	9,239
Purchased Professional - Educational Services	875		875		875
Other Purchased Prof. and Tech. Services	20,650	(12,500)	8,150	800	7,350
Other Purchased Services	6,500	39	6,539	1,197	5,342
Supplies and Materials	19,000	11,420	30,420	24,213	6,207
Other Objects	1,900		1,900		1,900
Total Undist. Expend. - Improvement of Inst. Serv.	574,633	(1,041)	573,592	537,678	35,914
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	313,589	7,500	321,089	317,196	3,893
Supplies and Materials	52,000	22,087	74,087	68,006	6,081
Total Undist. Expend. - Edu. Media Serv./Sch. Library	365,589	29,587	395,176	385,202	9,974

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Supervisors of Instruction	$ 72,693		$ 72,693	$ 67,693	$ 5,000
Salaries of Secretarial and Clerical Assistants	28,314		28,314	22,566	5,748
Purchased Professional - Educational Services	40,875		40,875	28,569	12,306
Other Purchased Prof. and Tech. Services	650		650		650
Other Purchased Services	13,500		13,500	9,954	3,546
Supplies and Materials	3,000		3,000	543	2,457
Other Objects	2,000		2,000		2,000
Total Undist. Expend. - Instructional Staff Training Serv.	161,032	-	161,032	129,325	31,707
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	541,764	$ 12,000	553,764	551,787	1,977
Other Purchased Professional Services	126,400	61,000	187,400	109,756	77,644
Purchased Technical Services	60,000	28,900	88,900	78,654	10,246
Communications/Telephone	267,400	(90,000)	177,400	163,803	13,597
BOE Other Purchased Services	7,500		7,500	3,090	4,410
Other Purchased Services	120,320		120,320	117,284	3,036
Supplies and Materials	30,000	6,103	36,103	27,370	8,733
BOE Meeting Supplies	4,000		4,000	339	3,661
Miscellaneous Expenditures	40,775	12,000	52,775	52,560	215
BOE Membership Dues and Fees	32,500	(2,000)	30,500	30,345	155
Total Undist. Expend. - Supp. Serv. - General Admin.	1,230,659	28,003	1,258,662	1,134,988	123,674
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	1,736,017	(7,500)	1,728,517	1,723,964	4,553
Salaries of Other Professional Staff	97,133	3,000	100,133	99,043	1,090
Salaries of Secretarial and Clerical Assistants	682,472	(3,000)	679,472	672,516	6,956
Purchased Professional and Technical Services	500		500		500
Other Purchased Services	20,500		20,500	6,676	13,824
Supplies and Materials	122,363	(228)	122,135	107,524	14,611
Other Objects	14,000		14,000	11,918	2,082
Total Undist. Expend. - Support Serv. - School Admin.	2,672,985	(7,728)	2,665,257	2,621,641	43,616
Undist. Expend. - Support Serv.-Central Services					
Salaries	740,424	7,500	747,924	744,822	3,102
Purchased Professional Services	500		500		500
Purchased Technical Services	500		500		500
Other Purchased Services	42,400		42,400	21,151	21,249
Supplies and Materials	28,000	6,546	34,546	20,939	13,607
Interest for Lease Purchase Agreements	100		100		100
Other Objects	4,000		4,000	3,295	705
Total Undist. Expend. - Support Serv.-Central Services	815,924	14,046	829,970	790,207	39,763
Undist. Expend. - Support Serv. - Admin. Info. Technology					
Salaries	436,719	15,000	451,719	447,769	3,950
Purchased Professional Services	1,000		1,000		1,000
Purchased Technical Services	4,500		4,500		4,500
Other Purchased Services	12,500		12,500	11,210	1,290
Supplies and Materials	92,500	11,859	104,359	97,365	6,994
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Support Serv.- Admin. Info. Technology	548,219	26,859	575,078	556,344	18,734
Undist. Expend. - Required Maint. For Sch. Facilities					
Salaries	470,037	40,000	510,037	498,101	11,936
Cleaning, Repair and Maintenance Services	439,714	506,368	946,082	833,380	112,702
General Supplies	109,500	61,611	171,111	150,249	20,862
Total Undist. Expend. - Required Maint. For Sch. Facilities	1,019,251	607,979	1,627,230	1,481,730	145,500

The Board of Education
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County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	$ 1,715,995	$ 20,000	$ 1,735,995	$ 1,733,557	$ 2,438
Purchased Professional and Technical Services	380,000	(76,545)	303,455	157,920	145,535
Cleaning, Repair and Maintenance Services	349,423	(17,493)	331,930	318,083	13,847
Other Purchased Property Services	103,400	7,500	110,900	106,851	4,049
Insurance	227,500	27,000	254,500	252,345	2,155
Miscellaneous Purchased Services	5,000		5,000	3,980	1,020
General Supplies	172,500	24,009	196,509	183,307	13,202
Energy (Natural Gas)	601,555	(145,000)	456,555	440,852	15,703
Energy (Electricity)	1,540,322	(75,000)	1,465,322	1,436,059	29,263
Other Objects	15,000		15,000	11,343	3,657
Total Undist. Expend. - Other Oper. & Maint. Of Plant	5,110,695	(235,529)	4,875,166	4,644,297	230,869
Care and Upkeep of Grounds					
Salaries	394,535		394,535	391,207	3,328
Purchased Professional and Technical Services	500		500		500
Cleaning, Repair and Maintenance Services	90,000	110,000	200,000	180,028	19,972
General Supplies	60,000	1,812	61,812	53,990	7,822
Other Objects	1,000		1,000		1,000
Total Care and Upkeep of Grounds	546,035	111,812	657,847	625,225	32,622
Security					
Purchased Professional and Technical Services	238,000	2,000	240,000	234,918	5,082
Cleaning, Repair and Maintenance Services	5,000	13,000	18,000	14,369	3,631
General Supplies	2,000	15,500	17,500	14,373	3,127
Other Objects	1,000		1,000		1,000
Total Security	246,000	30,500	276,500	263,660	12,840
Undist. Expend. - Student Transportation Serv.					
Contract Services (Other than Between Home & Sch)-Vendors	166,165	55,000	221,165	158,097	63,068
Total Undist. Expend. - Student Transportation Serv.	166,165	55,000	221,165	158,097	63,068
Unallocated Benefits					
Social Security Contributions	484,000	10,000	494,000	488,312	5,688
T.P.A.F. Contributions - ERIP	157,000		157,000	155,178	1,822
Other Retirement Contributions - Regular	610,000	(65,000)	545,000	542,244	2,756
Other Retirement Contributions - ERIP	26,000		26,000	23,814	2,186
Unemployment Compensation	130,440	(30,000)	100,440	85,651	14,789
Workmen's Compensation	399,500	78,000	477,500	313,371	164,129
Health Benefits	6,021,700	(87,500)	5,934,200	5,844,385	89,815
Tuition Reimbursement	60,000	20,000	80,000	70,352	9,648
Total Unallocated Benefits	7,888,640	(74,500)	7,814,140	7,523,307	290,833
On-behalf TPAF Pension Contributions (non-budgeted)				1,926,570	(1,926,570)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,295,722	(1,295,722)
Total On-behalf Contributions				3,222,292	(3,222,292)
Total Personal Services-Employee Benefits	7,888,640	(74,500)	7,814,140	10,745,599	(2,931,459)
Total Undistributed Expenditures	24,007,716	555,063	24,562,779	26,635,315	(2,072,536)
Total General Current Expense	37,663,707	893,271	38,556,978	40,364,988	(1,808,010)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services					
Assessment for Debt Serv on SDA Funding	151,698		151,698	98,382	53,316
Total Capital Outlay	151,698	-	151,698	98,382	53,316

The Board of Education
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County of Middlesex
State of New Jersey
Budgetary Comparison Schedule
(Budgetary Basis)
General Fund
Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Schools:					
Post - Secondary Programs - Instruction					
Salaries of Teachers	$ 749,699		$ 749,699	$ 743,276	$ 6,423
Purchased Prof. and Tech. Services	5,800		5,800		5,800
Other Purchased Services	5,200		5,200		5,200
General Supplies	65,500	$ 7,522	73,022	42,829	30,193
Textbooks	4,675		4,675		4,675
Other Objects	3,200		3,200	60	3,140
Total Post - Secondary Programs - Instruction	834,074	7,522	841,596	786,165	55,431
Post - Secondary Programs - Support Services					
Salaries	76,832		76,832	68,521	8,311
Other Purchased Services	2,000		2,000		2,000
Supplies and Materials	4,000		4,000	3,254	746
Other Objects	2,000		2,000	85	1,915
Total Post - Secondary Programs - Support Services	84,832		84,832	71,860	12,972
Total Post - Secondary Programs	918,906	7,522	926,428	858,025	68,403
Vocational Evening-Local-Instruction					
Salaries of Teachers	355,571	(135,000)	220,571	170,931	49,640
Other Salaries for Instruction	5,000		5,000	645	4,355
General Supplies	84,900		84,900	20,138	64,762
Textbooks	16,300		16,300	920	15,380
Total Vocational Evening-Local-Instruction	461,771	(135,000)	326,771	192,634	134,137
Vocational Evening-Local-Support Serv.					
Salaries	282,210		282,210	267,644	14,566
Supplies and Materials	23,750	116	23,866	17,100	6,766
Other Objects	28,250		28,250	10,179	18,071
Total Vocational Evening-Local-Support Serv.	334,210	116	334,326	294,923	39,403
Total Vocational Evening-Local	795,981	(134,884)	661,097	487,557	173,540
Total Special Schools	1,714,887	(127,362)	1,587,525	1,345,582	241,943
Total Expenditures	39,530,292	765,909	40,296,201	41,808,952	(1,512,752)

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
(Deficiency) Excess of Revenues (Under) Over Expenditures	$ (1,196,000)	$ (765,909)	$ (1,961,909)	$ (284,626)	$ 1,677,283
Other Financing Sources (Uses):					
Insurance Recovery Related to Other Costs of Super Storm Sandy				86,554	86,554
Transfer to Food Service Fund	(4,000)		(4,000)		4,000
Total Other Financing Sources (Uses)	(4,000)		(4,000)	86,554	90,554
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)	(1,200,000)	(765,909)	(1,965,909)	(198,072)	1,767,837
Fund Balance, July 1	4,009,859		4,009,859	4,009,859	
Fund Balance, June 30	$ 2,809,859	$ (765,909)	$ 2,043,950	$ 3,811,787	$ 1,767,837
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	$ (1,200,000)		$ (1,200,000)	$ 567,837	$ 1,767,837
Adjustment for prior year encumbrances		$ (765,909)	(765,909)	(765,909)	
Total	$ (1,200,000)	$ (765,909)	$ (1,965,909)	$ (198,072)	$ 1,767,837

Recapitulation of fund balance:	
Restricted Fund Balance:	
Capital reserve account - restricted	$ 100
Excess Surplus - Current Year	68,978
Assigned Fund Balance:	
Year-end encumbrances - assigned	227,509
Designated for subsequent year's expenditures - assigned	1,200,000
Unassigned Fund Balance	2,315,200
	3,811,787
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments not recognized on GAAP basis	(1,304,862)
Fund Balance per Governmental Funds (GAAP)	$ 2,506,925

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, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	$ 215,711	$ 2,721	$ 218,432	$ 170,033	$ (48,399)
State Sources	158,502		158,502	155,395	(3,107)
Federal Sources	1,810,559	66,233	1,876,792	1,674,749	(202,043)
Total Revenues	2,184,772	68,954	2,253,726	2,000,177	(253,549)
EXPENDITURES:					
Instruction					
Salaries of Teachers	636,203	(1,483)	634,720	568,675	66,045
Purchased Professional and Technical Services	12,530	640	13,170	13,030	140
Other Purchased Services	5,354	1,850	7,204	7,204	-
General Supplies	251,059	37,633	288,692	246,890	41,802
Other Objects	5,000	(547)	4,453	4,453	-
Total Instruction	910,146	38,093	948,239	840,252	107,987
Support Services					
Salaries of Other Professional Staff	375,961	34,721	410,682	383,667	27,015
Personal Services - Employee Benefits	222,435	5,595	228,030	209,387	18,643
Other Purchased Professional Services	220,324	(3,874)	216,450	134,111	82,339
Travel	1,280	(234)	1,046	926	120
Other Purchased Services	11,035	161	11,196	7,884	3,312
Supplies & Materials	47,034	(5,955)	41,079	26,946	14,133
Total Support Services	878,069	30,414	908,483	762,921	145,562
Facilities Acquisition and Construction Services					
Instructional Equipment	396,557	447	397,004	397,004	-
Total Facilities Acquisition and Construction Services	396,557	447	397,004	397,004	-
Total Expenditures	2,184,772	68,954	2,253,726	2,000,177	253,549
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	$ -	$ -	$ -

The Board of Education
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County of Middlesex
Budget to GAAP Reconciliation
Year Ended June 30, 2014

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	$ 41,524,326	[C-2]	$ 2,000,177
Difference - budgetary to GAAP:				
State aid payments recognized for budgetary purposes, not recognized for GAAP statements				
Prior year		1,304,862		
Current year		(1,304,862)		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	$ 41,524,326	[B-2]	$ 2,000,177

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, 2014

	Total Brought Forward (Ex. E-1a)	Title I Part A Regular Program	Title I Part A Summer Carryover	Title II Part A Regular Program	Race To The Top Program (RTTT3)	Carl Perkins Entitlement Secondary Program Federal	Carl Perkins Entitlement Secondary Program Reserve	Carl Perkins Entitlement Postsecondary Program State	Totals
REVENUES:									
Local Sources	$ 170,033								$ 170,033
State Sources	37,893							$ 117,502	155,395
Federal Sources	560,748	$ 528,083	$ 8,817	$ 65,458	$ 8,193	$ 442,606	$ 60,844		1,674,749
Total Revenues	$ 768,674	$ 528,083	$ 8,817	$ 65,458	$ 8,193	$ 442,606	$ 60,844	$ 117,502	$ 2,000,177
EXPENDITURES:									
Instruction									
Salaries of Teachers	$ 313,056	$ 190,104	$ 1,711			$ 63,804			$ 568,675
Purchased Professional and Technical Services		12,000				280	$ 750		13,030
Other Purchased Services	3,950					2,785	296	$ 173	7,204
General Supplies	35,130	82,670	6,975			16,723	10,569	94,823	246,890
Other Objects	-					3,783	670		4,453
Total Instruction	352,136	284,774	8,686			87,375	12,285	94,996	840,252
Support Services									
Salaries of Other Professional Staff	259,240	111,152			$ 7,611		5,664		383,667
Personal Services - Employee Benefits	128,207	62,089	131		582	17,945	433		209,387
Other Purchased Professional & Technical Services	15,189	56,000		$ 60,922			2,000		134,111
Travel	76						850		926
Other Purchased Services	5,484						2,400		7,884
Supplies & Materials	8,342	14,068		4,536	-				26,946
Total Support Services	416,538	243,309	131	65,458	8,193	17,945	11,347		762,921
Facilities Acquisition and Construction Services									
Instructional Equipment						337,286	37,212	22,506	397,004
Total Facilities Acquisition and Construction Services						337,286	37,212	22,506	397,004
Total Expenditures	$ 768,674	$ 528,083	$ 8,817	$ 65,458	$ 8,193	$ 442,606	$ 60,844	$ 117,502	$ 2,000,177

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, 2014

	Total Brought Forward (Ex. E-1b)	I.D.E.A. Part B Regular Program	EE4NJ Pilot Teacher Effectiveness Evaluatiom	Apprentice Coordinator Program	CSH Grant	NJ Case Grant	Transportation Grant	IBEW CAD Grant	Total Carried Forward
REVENUES:									
Local Sources	$ 152,500						$ 323	$ 17,210	$ 170,033
State Sources				$ 20,000	$ 12,893	$ 5,000			37,893
Federal Sources		$ 548,548	$ 12,200						560,748
Total Revenues	$ 152,500	$ 548,548	$ 12,200	$ 20,000	$ 12,893	$ 5,000	$ 323	$ 17,210	$ 768,674
EXPENDITURES:									
Instruction									
Salaries of Teachers	$ 79,191	$ 233,865							$ 313,056
Purchased Professional and Technical Services									
Other Purchased Services	2,450				$ 1,500				3,950
General Supplies	1,502	8,168			5,750	$ 2,500		$ 17,210	35,130
Total Instruction	83,143	242,033			7,250	2,500		17,210	352,136
Support Services									
Salaries of Other Professional Staff	40,000	205,387		$ 13,853					259,240
Personal Services - Employee Benefits	27,079	101,128							128,207
Other Purchased Professional & Technical Services	1,489		$ 12,200		1,500				15,189
Travel				76					76
Other Purchased Services	300			2,361		2,500	$ 323		5,484
Supplies & Materials	489			3,710	4,143				8,342
Total Support Services	69,357	306,515	12,200	20,000	5,643	2,500	323		416,538
Facilities Acquisition and Construction Services									
Instructional Equipment									
Facilities Acquisition and Construction Services									
Total Expenditures	$ 152,500	$ 548,548	$ 12,200	$ 20,000	$ 12,893	$ 5,000	$ 323	$ 17,210	$ 768,674

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, 2014

	U Got Brains	State House Express Grant	Fuel Up To Play	NJSBAIG Safety Grant	PSA Contest	Mini Arts Grant	Inmate Education Regular Program	Inmate Education Carryover	Alcohol Adolescents Program	Total Carried Forward
REVENUES:										
Local Sources	$ 95	$ 300	$ 334	$ 114	$ 1,769	$ 2,450	$ 37,768	$ 69,670	$ 40,000	$ 152,500
Total Revenues	$ 95	$ 300	$ 334	$ 114	$ 1,769	$ 2,450	$ 37,768	$ 69,670	$ 40,000	$ 152,500
EXPENDITURES										
Instruction										
Salaries of Teachers							$ 26,747	$ 52,444		$ 79,191
Purchased Professional and Technical Services										
Other Purchased Services						$ 2,450				2,450
General Supplies			$ 334				465	703		1,502
Total Instruction			334			2,450	27,212	53,147		83,143
Support Services										
Salaries of Other Professional Staff									$ 40,000	40,000
Personal Services - Employee Benefits							10,556	16,523		27,079
Other Purchased Professional & Technical Services					$ 1,489					1,489
Travel										-
Other Purchased Services		$ 300								300
Supplies & Materials	$ 95			$ 114	280					489
Other Objects										
Total Support Services	95	300		114	1,769		10,556	16,523	40,000	69,357
Total Expenditures	$ 95	$ 300	$ 334	$ 114	$ 1,769	$ 2,450	$ 37,768	$ 69,670	$ 40,000	$ 152,500

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, 2014

Project Title/Issue	Original Date	Appropriations	Expenditures to Date: Prior Years	Expenditures to Date: Current Year	Unexpended Balance June 30, 2014
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	171,103			$ 171,103
Capital Outlay - County	7/1/2009	3,000,000	2,992,424	$ 4,987	2,589
Capital Outlay - County	7/1/2010	3,100,000	2,953,900	534	145,566
Capital Outlay - County	7/1/2011	3,100,000	2,917,979	-	182,021
Capital Outlay - County	7/1/2012	3,100,000	637,286	1,447,309	1,015,405
Capital Outlay - County	7/1/2013	3,100,000	-	1,006,312	2,093,688
		$ 52,547,609	$ 46,478,095	$ 2,459,142	$ 3,610,372

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, 2014

Revenue		
County Capital Contribution	$	3,100,000
Total Revenue		3,100,000
Expenditures		
Purchased Professional and Technical Services		350,954
Construction Services		1,584,236
Other Objects		17,326
Equipment Purchases		506,626
Total Expenditures		2,459,142
Excess of revenues over expenditures		640,858
Other Financing Sources		
Insurance Recovery Related to Other Costs of Super Storm Sandy		50,188
Total Other Financing Sources		50,188
Net change in fund balance		691,046
Fund Balance - Beginning - July 1		2,919,326
Fund Balance - Ending - June 30	$	3,610,372

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, 2014

	Prior Years	Current Year	Totals
Revenue and Other Financing Sources			
State Sources - SDA Grants	$ 2,340,000		$ 2,340,000
Inter Governmental Transfers from County Capital Contribution	3,194,501		3,194,501
Total Revenue and Other Financing Sources	5,534,501		5,534,501
Expenditures			
Purchased Professional and Technical Services	708,822		708,822
Land and Improvements	2,150		2,150
Construction Services	4,123,194		4,123,194
Supplies	189,826		189,826
Other Objects	9,267		9,267
Equipment Purchases	501,242		501,242
Total Expenditures	5,534,501		5,534,501
Excess (deficiency) of revenues Over (under) expenditures	$ -	$ -	$ -
Additional Project Information:			
Project Number	SP-99494-1		
Grant Date	2/1/2002		
Bond Authorization Date	NA		
Bonds Authorized	NA		
Bonds Issued	NA		
Original Eligible Cost	$ 5,850,000		
Additional Eligible Cost	(315,499)		
Revised Eligible Cost	$ 5,534,501		
Percentage Increase over Original Authorized Cost	0.00%		
Percentage Completion	100%		
Original Target Completion Date	Jun-00		
Revised Target Completion Date	Complete		

The Board of Education
of the Vocational and Technical High Schools
County of Middlesex
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, 2014

	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, 2014

	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	400,524	$ 4,987	405,511
Total Expenditures	2,992,424	4,987	2,997,411
Excess (deficiency) of revenues Over (under) expenditures	$ 7,576	$ (4,987)	$ 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	99.91%		
Original Target Completion Date	Jun-11		
Revised Target Completion Date	Jun-15		

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, 2014

	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	219,000	$ 534	219,534
Construction Services	2,367,710		2,367,710
Other Objects	15,636		15,636
Equipment Purchases	351,554		351,554
Total Expenditures	2,953,900	534	2,954,434
Excess (deficiency) of revenues Over (under) expenditures	$ 146,100	$ (534)	$ 145,566
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	95.30%		
Original Target Completion Date	Jun-12		
Revised Target Completion Date	Jun-15		

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, 2014

	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		221,883
Construction Services	2,294,907		2,294,907
Other Objects	7,759		7,759
Equipment Purchases	393,430		393,430
Total Expenditures	2,917,979		2,917,979
Excess (deficiency) of revenues Over (under) expenditures	$ 182,021	$ -	$ 182,021
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	94%		
Original Target Completion Date	Jun-12		
Revised Target Completion Date	Jun-15		

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, 2014

	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	97,126	$ 144,117	241,243
Construction Services	266,415	1,185,891	1,452,306
Other Objects	1,655	6,985	8,640
Equipment Purchases	272,090	110,316	382,406
Total Expenditures	637,286	1,447,309	2,084,595
Excess (deficiency) of revenues Over (under) expenditures	$ 2,462,714	$ (1,447,309)	$ 1,015,405

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	67%
Original Target Completion Date	Jun-13
Revised Target Completion Date	Jun-15

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, 2014

	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	206,303
Construction Services		398,345	398,345
Other Objects		10,341	10,341
Equipment Purchases		391,323	391,323
Total Expenditures		1,006,312	1,006,312
Excess (deficiency) of revenues Over (under) expenditures	$ -	$ 2,093,688	$ 2,093,688

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	32%
Original Target Completion Date	Jun-13
Revised Target Completion Date	Jun-15

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, 2014

	Trust	Agency		
	Private-Purpose Scholarship Fund	Student Activity	Payroll	Total Agency
ASSETS				
Cash and cash equivalents	$ 7,030	$ 95,191	$ 334,758	$ 429,949
Interfund receivable		1,075	165	1,240
Total assets	7,030	$ 96,266	$ 334,923	$ 431,189
LIABILITIES				
Payable to student groups		$ 96,266		$ 96,266
Payroll deductions and withholdings payable			$ 334,923	334,923
Total liabilities		$ 96,266	$ 334,923	$ 431,189
NET POSITION				
Held in trust for scholarships	7,030			
Total net position	$ 7,030			

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, 2014

	Private-Purpose Scholarship Fund
ADDITIONS	
Investment earnings:	
Interest	$ 1
Total additions	1
DEDUCTIONS	
Bank service charges	191
Total deductions	191
Change in net position	(190)
Net position—beginning of the year	7,220
Net position—end of the year	$ 7,030

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, 2014

Schools	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
Perth Amboy	$ 4,645	$ 31,920	$ 27,923	$ 8,642
East Brunswick	21,990	103,267	91,721	33,536
Woodbridge	11,441	46,616	42,195	15,862
Piscataway	14,160	50,568	50,065	14,663
The Academy	24,042	49,556	51,110	22,488
Total all schools	$ 76,278	$ 281,927	$ 263,014	$ 95,191

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, 2014

	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
Assets:				
Cash and cash equivalents	$ 110,751	$ 12,745,939	$ 12,521,932	$ 334,758
Total assets	$ 110,751	$ 12,745,939	$ 12,521,932	$ 334,758
Liabilities:				
Payroll deductions and withholdings payable	$ 110,693	$ 12,745,939	$ 12,521,874	$ 334,758
Interfund payable	58		58	
Total liabilities	$ 110,751	$ 12,745,939	$ 12,521,932	$ 334,758

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)

	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	$ 60,930,466	$ 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
Restricted	147,394	706,821	718,053	875,222	1,589,750	3,397,498	3,428,961	3,981,049	2,919,426	3,679,450
Unrestricted (deficit)	2,698,159	4,541,888	5,905,342	2,893,086	2,206,259	(274,861)	19,141	1,002,500	949,902	817,724
Total governmental activities net position	$ 63,776,019	$ 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
Business-type activities										
Net investment in capital assets	$ 2,207	$ 1,947	$ 1,687	$ 1,428	$ 1,168	$ 15,104	$ 13,310	$ 11,516	$ 9,721	$ 8,057
Unrestricted	10,154	1,353	1,430	2,009	1,310	18,203	20,700	45,167	59,931	58,037
Total business-type activities net position	$ 12,361	$ 3,300	$ 3,117	$ 3,437	$ 2,478	$ 33,307	$ 34,010	$ 56,683	$ 69,652	$ 66,094
District-wide										
Net investment in capital assets	$ 60,932,673	$ 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
Restricted	147,394	706,821	718,053	875,222	1,589,750	3,397,498	3,428,961	3,981,049	2,919,426	3,679,450
Unrestricted (deficit)	2,708,313	4,543,241	5,906,772	2,895,095	2,207,569	(256,658)	39,841	1,047,667	1,009,833	875,761
Total district net position	$ 63,788,380	$ 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

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.

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

	Fiscal Year Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities										
Instruction										
Regular	$ 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	$ 6,372,781
Other special instruction	162,138	171,658	163,490	156,056	151,288	165,193	196,553	177,318	194,918	186,238
Vocational	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	10,462,124
Other instruction	764,677	730,939	628,912	570,248	540,165	538,214	545,128	516,872	496,988	550,405
Support Services:										
Support services - students & instruction	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	5,408,252
School administrative services	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	3,291,365
General administrative services	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	1,530,668
Plant operations and maintenance	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	6,164,014
Pupil transportation	158,097	150,246	97,885	89,482	94,530	130,297	140,779	179,890	311,404	139,779
Other Support Services	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	1,591,552
Special Schools	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	2,695,973
Unallocated depreciation	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	1,576,043
Total governmental activities expenses	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	39,969,194
Business-type activities:										
Food service	682,670	682,939	606,486	604,450	622,131	637,771	680,915	735,140	689,531	617,464
Total business-type activities expense	682,670	682,939	606,486	604,450	622,131	637,771	680,915	735,140	689,531	617,464
Total district expenses	$ 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	$ 40,586,658
Program Revenues										
Governmental activities:										
Operating grants and contributions	$ 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	$ 3,512,588
Total governmental activities program revenues	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	3,512,588
Business-type activities:										
Charges for services:										
Food service	230,385	252,010	257,829	249,210	279,717	306,485	347,080	354,339	357,765	325,409
Operating grants and contributions	448,727	422,879	371,330	349,404	373,048	321,196	289,678	290,170	263,074	250,198
Total business type activities program revenues	679,112	674,889	629,159	598,614	652,765	627,681	636,758	644,509	620,839	575,607
Total district program revenues	$ 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	$ 4,088,195
Net (Expense)/Revenue										
Governmental activities	$ (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)	$ (36,456,606)
Business-type activities	(3,558)	(8,050)	22,673	(5,836)	30,634	(10,090)	(44,157)	(90,631)	(68,692)	(41,857)
Total district-wide net expense	$ (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)	$ (36,498,463)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	$ 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	$ 22,680,000
Unrestricted grants and contributions	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	12,233,255
County capital contribution	3,100,000	3,100,000	3,100,000	3,100,000	3,000,000					
Gain on refunding of bonds for ERIP										
Tuition received	707,455	695,788	697,332	667,574	609,807	667,554	700,438	727,864	750,006	798,622
Investment earnings		-	628	4,942	18,070	54,631	280,195	464,981	307,250	85,705
Miscellaneous income	704,347	612,616	571,039	436,942	570,721	540,282	554,126	720,016	927,593	765,496
Intergovernmental transfers										
Disposition of capital assets						(58,664)	(35,655)	1,462,400	661,719	(4,654)
Other financing (uses)					(142,304)					
Transfers				(6,500)		(8,500)	(42,500)	(89,000)	(58,850)	(40,000)
Total governmental activities	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	36,518,424
Business-type activities:										
Investment earnings				39	195	631	1,977	1,448	781	1,136
Miscellaneous income	-	21,019								
Transfers				6,500		8,500	42,500	89,000	58,850	40,000
Total business-type activities	-	21,019	-	6,539	195	9,131	44,477	90,448	59,631	41,136
Total district-wide	$ 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	$ 36,559,560
Change in Net Position										
Governmental activities	$ 661,031	$ 732,246	$ 1,712,694	$ 585,875	$ (481,543)	$ 521,516	$ 7,092	$ 1,680,575	$ 1,599,861	$ 61,818
Business-type activities	(3,558)	12,969	22,673	703	30,829	(959)	320	(183)	(9,061)	(721)
Total district	$ 657,473	$ 745,215	$ 1,735,367	$ 586,578	$ (450,714)	$ 520,557	$ 7,412	$ 1,680,392	$ 1,590,800	$ 61,097

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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	$ 2,202,441	$ 2,972,700	$ 4,963,350	$ 3,172,252	$ 4,119,714	$ 1,218,201				
Unreserved	2,228,496	3,805,421	3,403,288	2,984,118	1,978,485	1,577,795				
Restricted for							$ 100	$ 100	$ 100	$ 69,078
Assigned to							1,590,769	2,006,688	1,947,838	1,427,509
Unassigned							590,989	858,781	757,059	1,010,338
Total general fund	$ 4,430,937	$ 6,778,121	$ 8,366,638	$ 6,156,370	$ 6,098,199	$ 2,795,996	$ 2,181,858	$ 2,865,569	$ 2,704,997	$ 2,506,925
All Other Governmental Funds										
Reserved	$ 697,125	$ 593,349	$ 435,830			$ 2,139,326				
Unreserved, reported in:										
Special revenue fund			(36,957)	$ (61,077)						
Capital projects fund	108,356	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
Total all other governmental funds	$ 805,481	$ 685,620	$ 541,314	$ 101,254	$ 142,304	$ 2,662,843	$ 3,428,861	$ 3,980,949	$ 2,919,326	$ 3,610,372
Total Fund Balances	$ 5,236,418	$ 7,463,741	$ 8,907,952	$ 6,257,624	$ 6,240,503	$ 5,458,839	$ 5,610,719	$ 6,846,518	$ 5,624,323	$ 6,117,297

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,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Tax levy and county capital contribution	$ 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	$ 22,680,000
Tuition charges	707,455	695,788	697,332	667,574	609,807	667,554	700,438	727,864	750,006	798,622
Interest earnings		-	628	4,942	18,070	54,631	280,195	464,981	307,250	85,705
Miscellaneous	737,638	695,899	855,068	714,085	833,290	799,370	816,810	2,412,568	2,178,457	954,465
State sources	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	13,798,185
Federal sources	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	1,917,160
Total revenue	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	40,234,137
Expenditures										
Instruction										
Regular instruction	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	4,737,515
Other special instruction	111,567	115,830	113,345	110,833	109,039	127,299	141,137	141,423	148,726	147,221
Vocational education instruction	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	8,212,347
Other instruction	576,153	541,036	466,510	436,270	410,384	423,088	405,006	410,434	385,062	459,844
Support Services:										
Student & instruction related services	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	4,371,699
General administration	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	1,122,151
School administrative services	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	2,262,379
Plant operations and maintenance	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	5,394,408
Pupil transportation	158,097	150,246	97,885	89,482	94,530	130,297	140,779	179,890	311,404	139,779
Other support services	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	1,234,010
Employee benefits	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	7,200,582
Capital outlay	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	2,505,251
Special schools	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	2,066,800
Total expenditures	46,268,271	47,865,896	44,387,574	44,338,931	45,209,691	44,586,639	47,656,544	42,395,232	41,285,734	39,853,986
Excess (Deficiency) of revenues over (under) expenditures	356,232	(1,405,895)	1,235,799	158,380	(639,360)	(8,621)	(2,607,828)	1,533,211	2,286,173	380,151
Other Financing sources (uses)										
Insurance recovery related to other costs of Super Storm Sandy	136,742	183,700								
Transfers out				(6,500)	(142,304)	(8,500)	(42,500)	(89,000)	(58,850)	(40,000)
Total other financing sources (uses)	136,742	183,700	-	(6,500)	(142,304)	(8,500)	(42,500)	(89,000)	(58,850)	(40,000)
Net change in fund balances	$ 492,974	$ (1,222,195)	$ 1,235,799	$ 151,880	$ (781,664)	$ (17,121)	$ (2,650,328)	$ 1,444,211	$ 2,227,323	$ 340,151
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
2005	$ 34,752	$ 472,295	$ 67,905			$ 115,548	$ 690,500
2006	29,948	554,135	49,606			30,661	664,350
2007	47,451	449,368	17,755	$ 10,874		28,678	554,126
2008	57,150	365,199	28,450	25,142		64,341	540,282
2009	57,150	365,199	28,450	25,142		64,341	540,282
2010	55,774	430,908	34,625	4,804		44,610	570,721
2011	42,890	308,769	25,461	16,994		42,828	436,942
2012	45,144	409,806	29,518	20,748		65,823	571,039
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

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]
2005	778,015	$ 32,484,460,295	$ 41,753	4.1%
2006	775,876	34,789,503,964	44,839	4.3%
2007	779,830	36,977,978,940	47,418	3.8%
2008	785,324	38,509,147,664	49,036	5.0%
2009	790,738	37,534,751,384	47,468	8.7%
2010	810,747	38,663,713,683	47,689	8.7%
2011	814,217	40,984,426,912	50,336	8.4%
2012	823,041	42,887,020,428	52,108	8.5%
2013	828,919	N/A	N/A	7.4%
2014	N/A	N/A	N/A	N/A

Source:

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

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

[c] Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

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

N/A - Information was not available.

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction										
Regular	75	74	74	76	75	77	77	77	79	82
Vocational	130	131	130	101	99	93	86	84	87	88
Support Services:										
Student & instruction related services	54	53	54	52	50	53	49	49	53	54
General administration	21	18	18	5	4	4	6	6	6	6
School administrative services	50	42	43	39	39	40	33	38	32	34
Central services	9	9	9	12	13	13	12	11	11	11
Administrative Information Technology	7	8	8	7	7	6	5	6	6	6
Plant operations and maintenance	45	43	43	49	48	50	47	48	48	48
Other support services	9	7	7							
Special Schools	20	20	19	19	19	19	19	18	16	15
Total	420	405	405	360	354	355	334	337	338	344

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: Elementary	Pupil/Teacher Ratio: Middle School	Pupil/Teacher Ratio: Senior High School	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	2,084.2	$ 37,348,735	$ 18,950	3.07%	284	N/A	N/A	1:8.2	2,042.5	2,001.7	-0.84%	98.00%
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%

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	335	347	347	383	354	361	300	295	299	298
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	326	284	284	233	194	204	224	182	252	272
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	824	834	834	788	748	684	645	616	651	665
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	825	852	852	787	829	586	573	510	570	618
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	136	142	142	143	152	150	154	156	161	167

Number of Schools at June 30, 2014
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
2005	$ 99,955	$ 61,878	$ 214,087	$ 183,059	$ 19,007	$ 577,986
2006	157,991	114,236	335,412	284,876	73,531	966,046
2007	155,921	222,211	281,505	258,637	59,715	977,989
2008	186,520	133,279	307,304	245,424	53,105	925,632
2009	238,857	85,044	339,638	222,315	40,031	925,885
2010	170,141	113,953	256,268	219,574	42,328	802,264
2011	151,006	113,836	450,580	246,747	28,358	990,527
2012	194,046	133,234	460,450	271,210	35,470	1,094,410
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
Total School Facilities	$ 1,767,577	$ 1,239,567	$ 3,717,825	$ 2,823,131	$ 456,865	$ 10,004,965

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, 2014
Unaudited

Type of Coverage	Coverage		Deductible
1) School package - New Jersey School Boards Association Insurance Group			
A) Property Blanket Bldg & Contents	$ 200,478,901		$ 5,000
B) Comprehensive General Liability	11,000,000	Aggregate	
	11,000,000	Per occurrence	
	11,000,000	Personal & adv. injury limit	
	1,000,000	Terrorism	
	10,000	Medical expense limit	
	11,000,000	Employee benefits liabilities	1,000
	250,000	Employee dishonesty	1,000
C) Crime Coverage	250,000	Public Employee Dishonesty	1,000
	25,000	Theft	500
	250,000	Forgery	1,000
2) Comprehensive Automobile Liability -	11,000,000	per accident	
NJ School Boards Assoc. Ins. Group	1,000,000	Combined single limit - collision	1,000
(Garage keepers coverage included)		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

WISS
A Partner to Grow With

K-1

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*

Independent Auditors' Report

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

We have audited, 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, 2014, 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 1, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and 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
David J. Gannon
Licensed Public School Accountant
No. 2305

Wiss & Company
WISS & COMPANY, LLP

December 1, 2014
Iselin, New Jersey

Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance

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, 2014. 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 Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Those standards, OMB Circular A-133 and New Jersey OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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 previously that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

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 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. 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 04-04. Accordingly, this report is not suitable for any other purposes.

David J. Gannon
Licensed Public School Accountant
No. 2305

Wiss & Company

WISS & COMPANY, LLP

December 1, 2014
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, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2013	Carryover Amount	Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	(Accounts Receivable) at June 30, 2014	Unearned Revenue at June 30, 2014	Due to Grantor at June 30, 2014
U.S. Department of Education Passed-Through State Department of Education:												
Medical Assistance Program	93.778	7/1/13-6/30/14	$ 23,617				$ 23,617	$ (23,617)				
Medical Assistance Program	93.778	7/1/13-6/30/14	7,351				7,351	(7,351)				
Medical Assistance Program	93.778	7/1/13-6/30/14	35,484					(35,484)		$ (35,484)		
Education Jobs	84.410A	8/10/10-9/30/13	1,156	$ (1,156)			1,156					
Total General Fund				(1,156)			32,124	(66,452)		(35,484)		
U.S. Department of Education Passed-Through State Department of Education:												
Title I	84.010A	7/1/13-6/30/14	559,215				419,444	(528,083)		(108,639)		
Title I Summer	84.010A	9/1/12-8/31/13	502,806	(459,000)			467,817	(8,817)				
Title II - A	84.367	7/1/13-6/30/14	54,113				45,111	(65,458)		(20,347)		
Title II - A Summer	84.367	9/1/12-8/31/13	56,219	(20,392)			20,392					
I.D.E.A. Part B	84.027	7/1/13-6/30/14	548,548				403,495	(548,548)		(145,053)		
I.D.E.A. Part B Summer	84.027	9/1/12-8/31/13	571,850	(184,064)			184,064					
Carl Perkins - Entitlement Federal	84.048	7/1/13-6/30/14	442,606				388,949	(442,606)		(53,657)		
Carl Perkins - Entitlement Reserve	84.048	7/1/13-6/30/14	60,844				60,416	(60,844)		(428)		
Carl Perkins - Entitlement Federal	84.048	7/1/12-6/30/13	392,433	(46,304)			46,304					
Carl Perkins - Entitlement Reserve	84.048	7/1/12-6/30/13	66,002	(4,003)			4,003					
EE4NJ Pilot Teacher Effectiveness Cohort 2A	84.000	7/15/12-9/30/13	76,000	(12,918)			25,118	(12,200)				
PBSIS	84.000	1/1/13-6/30/13	1,235	(1,235)			1,235					
Race to the Top Phase 3 (RTT3)	84.413A	9/1/11-11/30/15	29,795					(8,193)		(8,193)		
U.S. Department of Homeland Security												
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	10/29/12-6/30/13	32,816	(11,455)			11,455			-		
Total Special Revenue				(739,371)		-	2,077,803	(1,674,749)		(336,317)		
U.S. Department of Agriculture Passed - Through State Department of Education:												
Food Donation Program (NC)	10.555	7/1/13-6/30/14	17,953				17,953	(17,953)				
National School Lunch Program	10.555	7/1/13-6/30/14	301,509				275,131	(301,509)		(26,378)		
National School Lunch Program	10.555	7/1/12-6/30/13	286,639	(57,775)			57,775			-		
Federal PB Lunch - Healthy Hunger - Free Kids Act of 2010	10.555	7/1/13-6/30/14	7,697				7,042	(7,697)		(655)		
Federal PB Lunch - Healthy Hunger - Free Kids Act of 2010	10.555	7/1/12-6/30/13	7,039	(1,521)			1,521			-		
School Breakfast Program	10.553	7/1/13-6/30/14	114,514				102,855	(114,514)		(11,659)		
School Breakfast Program	10.553	7/1/12-6/30/13	100,054	(25,266)			25,266					
Total Enterprise Fund				(84,562)			487,543	(441,673)		(38,692)		
Total Federal Awards				$ (825,089)	$ -	$ -	$ 2,597,470	$ (2,182,874)	$ -	$ (410,493)	$ -	$ -

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, 2014

State Grantor Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2013 Unearned Rev/ (Accts. Rec)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Year's Balances	Balance at June 30, 2014 (Accounts Receivable)	Unearned Revenue	Due to Grantor	MEMO Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	$ 11,911,557				$ 10,730,244	$ (11,911,557)					$ (1,181,313)	$ (11,911,557)
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	1,135,471				1,021,932	(1,135,471)					(113,539)	(1,135,471)
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	100,064				90,054	(100,064)					(10,010)	(100,064)
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	11,936,829	$ (1,183,852)			1,183,852							
Special Education Categorical Aid	13-495-034-5120-089	7/1/12-6/30/13	1,121,450	(112,136)			112,136							
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	88,812	(8,874)			8,874							
TPAF Social Security Aid	14-495-034-5095-002	7/1/13-6/30/14	1,295,722				1,233,417	(1,295,722)		$ (62,305)				(1,295,722)
TPAF Social Security Aid	13-495-034-5095-002	7/1/12-6/30/13	1,288,629	(62,496)			62,496							
On-Behalf TPAF Contributions														
Pension Benefit Contributions	14-495-034-5095-006	7/1/13-6/30/14	729,866				729,866	(729,866)						(729,866)
Post Retirement Medical Contribution	14-495-034-5095-001	7/1/13-6/30/14	1,196,704				1,196,704	(1,196,704)						(1,196,704)
Total General Fund				(1,367,358)			16,369,575	(16,369,384)		(62,305)			(1,304,862)	(16,369,384)
Vocational Education-Apprentice Coordinator	14-100-034-5062-032	7/1/13-6/30/14	20,000				11,182	(20,000)		$ (8,818)				(20,000)
Vocational Education-Apprentice Coordinator	13-100-034-5062-032	7/1/12-6/30/13	20,000	(9,261)			9,261							
Vocational Education-Carl Perkins Post-Secondary	14-100-034-5062-032	7/1/13-6/30/14	117,502				43,212	(117,502)		(74,290)				(117,502)
NJ Case	Not available	4/1/14-6/30/14	5,000				5,000				$ 5,000.00			
NJ Case	Not available	4/1/13-6/30/13	5,000	5,000				(5,000)						(5,000)
Coordinated School Health System Program	Not available	9/1/13-6/30/14	16,000				16,000	(12,893)				$ 3,107		(12,893)
Coordinated School Health System Program	Not available	9/1/12-6/30/13	20,000	-	$ 3,316.00			-	(3,316)					
Total Special Revenue Fund				(4,261)	3,316		84,655	(155,395)	(3,316)	(83,108)	5,000	3,107		(155,395)
Addt. State School Bldg Aid-SDA Grant	03-495-034-5120-016	7/1/02-present	11,490,597	(1,907,666)			1,907,666			-				(11,490,597)
Addt. State School Bldg Aid-SDA Grant	03-495-034-5120-016	7/1/02-present	2,340,000	(426,701)			333,000			(93,701)				(2,213,801)
Total Capital Projects Fund				(2,334,367)			2,240,666			(93,701)				(13,704,398)
National School Lunch Program (State Share)	14-100-010-3350-023	7/1/13-6/30/14	7,054				6,088	(7,054)		(966)				(7,054)
National School Lunch Program (State Share)	13-100-010-3350-023	7/1/12-6/30/13	7,036	(1,740)			1,740							
Total Enterprise Fund				(1,740)			7,828	(7,054)		(966)				(7,054)
Total State Financial Assistance				$ (3,707,726)	$ -	$ -	$ 18,702,724	$ (16,531,833)	$ -	$ (240,080)	$ 5,000	$ 3,107	$ (1,304,862)	$ (30,236,231)
State Financial Assistance Not Subject to Single Audit Determination														
General Fund														
On-Behalf TPAF Contributions														
Pension Benefit Contributions	14-495-034-5095-006	7/1/13-6/30/14	729,866				729,866	729,866						729,866
Post Retirement Medical Contribution	14-495-034-5095-001	7/1/13-6/30/14	1,196,704				1,196,704	1,196,704						1,196,704
Total State Financial Assistance Subject to Single Audit Determination				$ (3,707,726)	$ -	$ -	$ 16,776,154	$ (14,605,263)	$ -	$ (240,080)	$ 5,000	$ 3,107	$ (1,304,862)	$ (28,309,661)

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, 2014

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 04-04*. 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, 2014

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:

	Federal	State	Total
General Fund	$ 66,452	$ 16,369,384	$ 16,435,836
Special Revenue Fund	1,674,749	155,395	1,830,144
Food Service Fund	441,673	7,054	448,727
Total financial award revenues	$ 2,182,874	$ 16,531,833	$ 18,714,707

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, 2014.

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, 2014

5. Other (continued)

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2014 amounted to $1,926,570. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 04-04, 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, 2014

Part I – Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000			
Auditee qualified as low-risk auditee?	√	Yes		No
Type of auditor's report on compliance for major programs:	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 OMB Circular A-133 (Section .510(a))?		Yes	√	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027A	IDEA, Part B Basic

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Part II – Financial Statement Findings

State Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:	$ 438,157			
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 04-04?		Yes	√	No

Identification of major programs:

GMIS/Program Number	Name of State Program or Cluster
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5095-002	Reimbursed TPAF-Social Security Aid

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

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, 2014

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 04-04.

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, 2014

None.