

MERCER COUNTY  
SPECIAL  
SERVICES  
SCHOOL DISTRICT

County of Mercer  
Board of Education  
New Jersey

*Comprehensive Annual Financial Report  
For the Year Ended  
June 30, 2019*

**Mercer County Special Services School District**

**Mercer County Special Services School District  
Hamilton  
Mercer County, New Jersey**

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2019

Prepared by  
Business Office

# Table of Contents

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	6
Independent Auditors and Advisors	7
Certificate of Excellence in Financial Reporting	8
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	9
<b>Required Supplementary Information – Part I</b>	
Management's Discussion and Analysis	12
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
A-1 Statement of Net Position	22
A-2 Statement of Activities	23
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses and Changes in Net Position	28
B-6 Statement of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	30
B-8 Statement of Changes in Fiduciary Net Position	31
Notes to the Basic Financial Statements	32

## Table of Contents (continued)

	<u>Page</u>
<b>FINANCIAL SECTION (continued)</b>	
<b>Required Supplementary Information – Part II</b>	
<i>Schedules Related to Accounting and Reporting for Pensions (GASB 68)</i>	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employee’s Retirement System (PERS)	71
L-2 Schedule of District Pension Contributions – Public Employee’s Retirement System (PERS)	72
L-3 Schedule of State’s Proportionate Share of the Net Pension Liability Associated with the District– Teacher’s Pension and Annuity Fund (TPAF)	73
 <i>Schedules Related to Accounting and Reporting for OPEB (GASB 75)</i>	
M-1 Schedule of the State’s Proportionate Share of the Net OPEB Liability Associated With the District and Changes in the Total OPEB Liability and Related Ratios – PERS and TPAF	74
Notes to Required Supplementary Information	75
 <b>Required Supplementary Information – Part III</b>	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund (Budgetary-Basis)	76
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – (Budgetary-Basis) - Not Applicable	N/A
C-1b Community Development Block Grant – Budget and Actual – (Budgetary-Basis) – Not Applicable	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund (Budgetary-Basis)	81
<b>Note to Required Supplementary Information</b>	
C-3 Budget to GAAP Reconciliation – Not Applicable	N/A
 <b>Supplementary Information</b>	
D School Based Budget Schedules – Not Applicable	N/A
 Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	82
E-2 Schedule of Preschool Education Program Aid Expenditures – Budgetary Basis - Not Applicable	N/A

## Table of Contents (continued)

	<u>Page</u>
<b>FINANCIAL SECTION (continued)</b>	
<b>Supplementary Information (continued)</b>	
Capital Projects Fund:	
F-1 Summary Schedule of Project Revenues, Expenditures, and Changes in Fund Balance	83
F-1a- Schedule of Project Revenues, Expenditures, Project Balance and	
F-1f Project Status – Budgetary Basis	84
F-2 Summary Schedule of Project Expenditures – Not Applicable	N/A
Enterprise Funds:	
G-1 Combining Statement of Net Position – Not Applicable	N/A
G-2 Combining Statement of Revenues, Expenses, and Changes in Net Position – Not Applicable	N/A
G-3 Combining Statement of Cash Flows – Not Applicable	N/A
Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	90
H-2 Combining Statement of Changes in Fiduciary Net Position – Not Applicable	N/A
H-3 Schedule of Cash Receipts and Cash Disbursements – Student Activity Agency Fund	91
H-4 Schedule of Cash Receipts and Cash Disbursements – Payroll Agency Fund	92
Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable – Not Applicable	N/A
I-2 Schedule of Obligations Under Capital Leases	93
I-3 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund – Not Applicable	N/A
<b>STATISTICAL SECTION (Unaudited) – Other Information</b>	
<b>Financial Trends:</b>	
J-1 Net Position by Component	94
J-2 Changes in Net Position	95
J-3 Fund Balances-Governmental Funds	98
J-4 Changes in Fund Balances, Governmental Funds	99
J-5 General Fund - Other Local Revenue by Source	100
<b>Revenue Capacity:</b>	
J-6 Assessed Value and Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers (Current Year and Nine Years Ago)	N/A
J-9 Property Tax Levies and Collections	N/A

## Table of Contents (continued)

	Page
<b>STATISTICAL SECTION (Unaudited) – Other Information (continued)</b>	
<b>Debt Capacity:</b>	
J-10 Ratios of Outstanding Debt by Type	N/A
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Ratios of Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A
<b>Demographic and Economic Information:</b>	
J-14 Demographic and Economic Statistics	101
J-15 Principal Employers	N/A
<b>Operating Information:</b>	
J-16 Full-time Equivalent District Employees by Function/Program	102
J-17 Operating Statistics	103
J-18 School Building Information	104
J-19 Schedule of Required Maintenance	105
J-20 Insurance Schedule	106
<b>SINGLE AUDIT SECTION</b>	
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 <i>Government Auditing Standards</i>	107
K-2 Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB 15-08	109
K-3 Schedule A – Schedule of Expenditures of Federal Awards – Supplementary Information	112
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance – Supplementary Information	113
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	114
K-6 Schedule of Findings and Questioned Costs – Part I – Summary of Auditor’s Results	117
K-7 Schedule of Findings and Questioned Costs – Parts II and III – Schedule of Financial Statement Findings and Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs	119
K-8 Summary Schedule of Prior Year Audit Findings	121

# Introductory Section



Kimberly J. Schneider, Ed. D.  
Superintendent

Deborah Donnelly  
Business Administrator/Board Secretary

December 5, 2019

Honorable President and  
Members of the Board of Education  
Mercer County Special Services School District  
County of Mercer  
Hamilton, New Jersey 08690

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report of the Mercer County Special Services School District (“District”) for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the administration of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the governmental-type activities, the business-type activities, each major fund of the District and the remaining aggregate fund information. 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 (4) 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 the Certificate of Excellence in Financial Reporting. The Financial section includes Management’s Discussion and Analysis (immediately following the independent auditors’ report) and the basic financial statements, footnotes and schedules, as well as the auditor’s report thereon. 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 Title 2 U.S. Code of Federal regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey OMB Circular 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments.” Information related to this single audit, including the independent auditors’ reports on internal control over compliance and compliance with applicable laws and regulations and findings and questioned costs, is included in the single audit section of this report.



**1) REPORTING ENTITY AND ITS SERVICES:**

Mercer County Special Services School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (“GASB”). All funds of the District and the government-wide financial statements are included in this report. The Mercer County Special Services Board of Education and its schools constitute the District’s reporting entity.

The District provides a full range of special needs educational services appropriate to grade levels pre-K through 12; servicing students up to the age of 21 as per Individualized Education Plans (“IEPs”). The District completed the 2019 fiscal year with an average daily enrollment of 556.0 students, which is 6.8 students less than the previous year’s average daily enrollment. The following details the changes in the student enrollment of the District over the last ten (10) years.

**Average Daily Enrollment**

<b><u>Fiscal Year Ending</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2018-2019	556.0	(1.22)%
2017-2018	562.8	(2.31)%
2016-2017	576.1	(9.00)%
2015-2016	627.0	(8.14)%
2014-2015	682.6	1.04%
2013-2014	675.6	1.21%
2012-2013	667.5	(3.08)%
2011-2012	688.7	(1.57)%
2010-2011	699.7	(6.41)%
2009-2010	747.6	(4.63)%

**2) MAJOR INITIATIVES/LONG RANGE PLANNING:**

The district continues to increase staff professional development and purchase materials for literacy including Reading Horizons and the Tools of the Mind Curriculum. Additional purchases of communication technology for the students with communication needs and increased access to technological devices such as Chromebooks has been an ongoing focus. The district is also expanding its emphasis on trauma-based learning through the implementation of strategies from STARR Trauma Certified staff members and The Brain Charge Curriculum. The district recently implemented a Marketing Committee at the Joseph F. Capello School which plans to create additional promotional materials and videos to share externally.

The District’s buildings range in age from 14 years to 35 years (built dates are detailed on the J-18 schedule). The District provides for the maintenance of the buildings in the annual budget. The District also continues to pursue long range planning initiatives. For example, the District engages in the analysis of program costs and enrollments necessary to properly forecast tuition costs and revenues. Numerous capital projects and facilities improvements have resulted from these budget and facilities planning activities.

The District continues to invest in network infrastructure upgrades, classroom HVAC unit upgrades and other site improvements. In the upcoming school year, a project will commence to replace the roof at the Joseph F. Capello School.

**3) ECONOMY AND ECONOMIC OUTLOOK:**

Mercer County is home of a wide range of industries including education, healthcare and social services, professional, scientific and technological services. The county’s unemployment rate was 2.7% at June 2019, which is lower than the national average of 3.7%. Mercer County is projected to add 15,950 jobs from 2014 to 2024, an increase of 6.3 percent. In comparison, employment statewide is expected to increase by 6.5 percent over

the 10-year period. Professional, scientific and technical services is expected to be the county's job growth leader with an anticipated gain of 7,800 jobs or 31.9 percent.

The District experienced a decrease in enrollment during the 2018-2019 school year. The District cannot accurately forecast future enrollment. While the district does not anticipate a significant change in enrollment for the 2019-2020 school year, the District is aware that requirements for controlling out of District placements from sending districts and the 2% cap on the sending district's tax levy increases have the potential to impact future enrollment.

For the 2018-19 school year, the Mercer County Special Services School District was able to sustain its budget through tuition revenues, the county tax levy, and out of county fees.

**4) INTERNAL CONTROLS:**

The administration 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 structure 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 to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the administration.

As a recipient of state and federal awards, the District is also responsible for ensuring that an adequate internal control environment is in place to ensure compliance with applicable laws and regulations. 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 controls over compliance, including that portion related to federal awards 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 Chosen Freeholders of the County of Mercer. Annual appropriated budgets are adopted for the General Fund and the Special Revenue Fund. 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 referenced in N.J.A.C. 6A:23. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as a portion of fund balance at June 30, 2019.

**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. These funds are explained in Notes to the Basic Financial Statements, Note 1.

**7) FINANCIAL INFORMATION AT FISCAL YEAR-END:**

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. Financial summaries and detail should be reviewed in the Management’s Discussion and Analysis for the fiscal year ended June 30, 2019.

**8) OTHER INFORMATION:**

**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. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Federal Uniform Guidance and New Jersey OMB Circular 15-08. The auditors’ report on the basic financial statements and specific required supplementary information, other supplementary information and the combining and individual fund statements and schedules are included in the financial section of this report. The auditors’ report related specifically to the single audit is included in the single audit section of this report.

**Awards** – The District had applied to the Association of School Business Officials (ASBO) International for the “Certificate of Excellence in Financial Reporting” for its comprehensive annual financial report for the fiscal years ended June 30, 2012 through 2018 and was granted the award. In order to be awarded this certificate, the District published an easily readable and efficiently organized comprehensive annual financial report and satisfied both generally accepted accounting principles and applicable legal requirements.

We believe that our current comprehensive annual financial report continues to meet the Program’s rigorous requirements, and we are submitting it to ASBO to determine its eligibility for the fiscal year 2018-2019 award.

**9) ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the Mercer County Special Services School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the County and District 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 Business Office staff.

Respectfully Submitted,

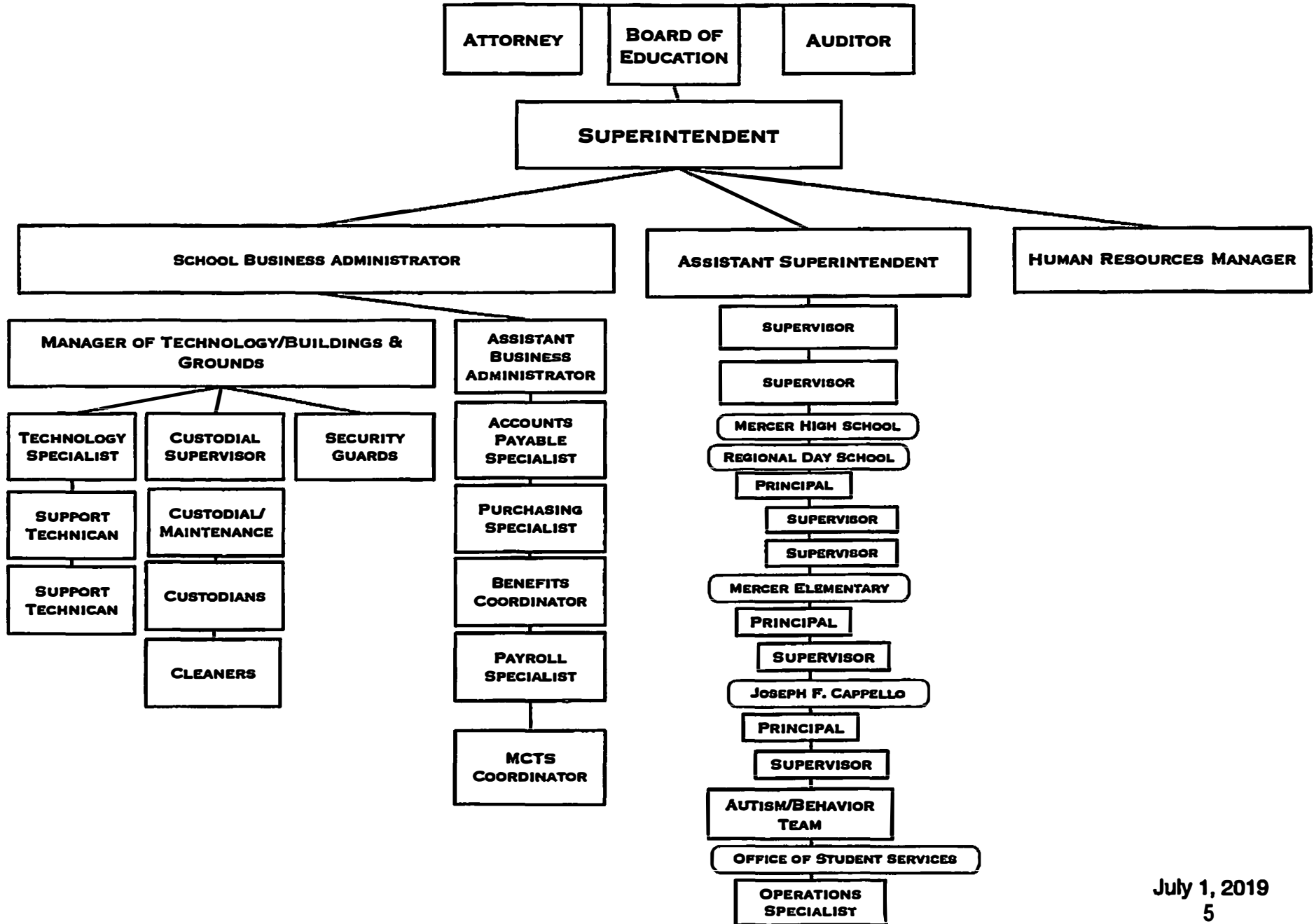


Dr. Kimberly J. Schneider  
Superintendent



Deborah Donnelly  
School Business Administrator/  
Board Secretary

Mercer County Special Services School District  
2018-2019



Mercer County Special Services School District  
Mercer County, New Jersey

Roster of Officials

June 30, 2019

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Camille Rainiero, President	2021
Lisa Vena, Vice President	2021
Samuel J. Floyd	2020
Jan Lewis	2020
Yasmin Hernandez-Manno, Interim Executive County Superintendent of Schools	Ex-Officio

**Other Officials**

Dr. Kimberly J. Schneider, Superintendent of Schools  
Dana Hice De-Pugh, Assistant Superintendent  
Deborah Donnelly, Business Administrator/ Board Secretary  
David Miller, Treasurer of School Monies

Mercer County Special Services School District  
Mercer County, New Jersey

Independent Auditors and Advisors

**Independent Auditors**

Wiss and Company, LLP  
354 Eisenhower Parkway  
Livingston, New Jersey 07039

**Attorney**

Walter R. Bliss, Jr.  
321 W. State Street  
Trenton, New Jersey 08618

**Official Depositories**

New Jersey Cash Management  
PNC Bank



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

The Certificate of Excellence in Financial Reporting  
is presented to

**Mercer County Special Services  
School District**

for its **Comprehensive Annual Financial Report (CAFR)**  
for the **Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis  
Executive Director

# Financial Section



## Independent Auditors' Report

Honorable President and  
Members of the Board of Education  
Mercer County Special Services School District  
Hamilton, New Jersey  
County of Mercer

### **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 Mercer County Special Services School District, County of Mercer, New Jersey (the "District"), as of and for the year ended June 30, 2019, 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 of material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District pension contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, schedule of the State's proportionate share of the net OPEB liability associated with the District and changes in the total OPEB liability and related ratios – PERS and TPAF 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.

#### ***Other Information***

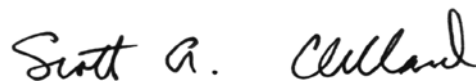
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements, long-term debt schedules and the schedules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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's 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.



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

December 5, 2019  
Livingston, New Jersey

Required Supplementary Information  
Part I

Management's Discussion and Analysis

# MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2019

The discussion and analysis of Mercer County Special Services School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **Financial Highlights**

Key financial highlights for 2018-2019 fiscal year include the following:

- The District's average daily enrollment decreased 1.22% from 563 in 2018 to 556 in 2019.
- Revenues from tuition from other districts increased in 2019 by \$764,987 or 2.23%, due to adjustments related to certified tuition rates.
- The District's governmental activities net position increased \$529,431 or 2.91% primarily due to the increase in revenues from tuition from other districts.
- The District followed the requirements of GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the 2019 fiscal year resulting in the recording of additional revenue and expense in the amount of \$3,173,425 related to post-employment health benefits.

### **Using this Comprehensive Annual Financial Report (CAFR)**

This CAFR consists of a series of basic financial statements and notes to those basic statements. These statements are organized so the reader can understand the Mercer County Special Services School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The three components that comprise the District's basic financial statements are: government-wide financial statements; fund financial statements; and notes to the basic financial statements. The CAFR also contains required and other supplementary information in addition to the basic financial statements themselves.

## **Reporting the School District as a Whole**

### **Government-wide Activities**

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of the Mercer County Special Services School District, the General Fund is by far the most significant fund.

While this document contains a number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018/19?" The *Statement of Net Position* and the *Statement of Activities* help answer this question. These statements include all assets, deferred outflows and inflows of resources and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, whether the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's County property tax base, current laws in New Jersey restricting districts' revenue growth, facility condition, required educational programs, student enrollment and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the District is divided into two distinct kinds of activities:

- ◆ Governmental-Type Activities – All of the District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities and extracurricular activities.
- ◆ Business-Type Activities – These services are provided on a charge for goods or services basis to recover all the expense of the goods or services provided. Various enterprise funds are reported as business-type activities and are listed in the Notes to Basic Financial Statements, Note 1C.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the District's major (all) funds is included in the 2018-19 Comprehensive Annual Financial Report as presented by the District. Fund financial statements provide detailed information about the District's major funds. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The fund financial statements are utilized for District financial decision making.

## **Governmental Funds**

The District's activities are mainly reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund and capital projects fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget. The basic governmental fund financial statements are Schedules B-1, B-2 and B-3.

### **General Fund**

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,267,291 while total fund balance was \$12,226,728. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.1% of the total general fund expenditures while total fund balance represents 29.0% of that same amount. During the current fiscal year, the fund balance of the District's general fund balance increased by \$1,194,675. The increase in fund balance is primarily related to an increase in tuition revenue from sending districts due to changes in adjustments related to certified tuition rates.

### **Special Revenue Fund**

The special revenue fund is used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. The District expended \$239,640 in state financial assistance, \$2,021 in federal awards and \$225,229 from other sources.

### **Capital Projects Fund**

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). During the current year, the District incurred budgetary basis expenditures of \$116,583, which was comprised of expenditures of \$9,211 for the Joseph F. Cappello School fire alarm system, \$16,500 for the Mercer Elementary School site work, \$5,059 for IT infrastructure and \$85,813 for security upgrades of the District.

## **Enterprise Funds**

The District maintains eight (8) enterprise funds, which are proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service program, Mercer Cooperative Transportation System, NJ State Regional Day School at Hamilton, integrated preschool, clinic parent, community resources, special aides and Chuck's Place programs. The District considers all of its enterprise funds to be major funds. The basic enterprise fund financial statements are Schedules B-4, B-5 and B-6.

## **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses trust funds to account for the activity in its private-purpose scholarship fund, AFLAC trust fund and unemployment compensation trust fund. The District uses agency funds to account for resources held for student activities and groups and payroll-related liabilities. The basic fiduciary fund financial statements are Schedules B-7 and B-8.

## **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to 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 32 through 70 of this report.

## **The School District as a Whole (Statements A-1 and A-2)**

The Statement of Net Position provides the perspective of the District as a whole. Net position may serve as an indicator of a government's financial position. However, as noted earlier, net position is not the primary basis for decision making for each budget cycle. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the increase and decrease of compensated absences, the acquisition and disposal of capital assets, and the depreciation of capital assets.



The following table provides a summary comparison of the District's net position for 2019 and 2018:

**Net Position  
June 30, 2019 and 2018**

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 12,512,078	\$ 11,535,682	445,707	\$822,657	\$12,957,785	\$12,358,339
Capital assets, net	34,602,687	35,602,692	228,350	251,242	34,831,037	35,853,934
Total assets	47,114,765	47,138,374	674,057	1,073,899	47,788,822	48,212,273
Deferred Outflow of Resources	5,167,110	7,393,192			5,167,110	7,393,192
Current liabilities and other	1,562,509	1,633,207	125,560	63,546	1,688,069	1,696,753
Net pension liability	22,359,851	26,995,832			22,359,851	26,995,832
Long-term liabilities	1,439,309	1,913,974			1,439,309	1,913,974
Total liabilities	25,361,669	30,543,013	125,560	63,546	25,487,229	30,606,559
Deferred Inflow of Resources	8,198,235	5,796,013			8,198,235	5,796,013
Net position:						
Investment in capital assets	34,602,687	35,595,718	228,350	251,242	34,831,037	35,846,960
Restricted	5,229,928	4,384,724			5,229,928	4,384,724
Unrestricted (deficit)	(21,110,644)	(21,787,902)	320,147	759,111	(20,790,497)	(21,028,791)
Total net position	\$ 18,721,971	\$ 18,192,540	\$ 548,497	\$ 1,010,353	\$ 19,270,468	\$ 19,202,893

Current and other assets increased \$599,466 of which \$1,273,515 is attributed to an increase in cash and cash equivalents offset by decrease in accounts receivable of \$531,241. This increase in cash and cash equivalents is mostly a result of an increase in tuition from sending districts and the decrease in accounts receivable is attributed to more timely tuition payments by certain school districts.

The decrease in Investment in Capital Assets is the result of current year depreciation expense exceeding current year capital asset additions.

The decreases in deferred outflow of resources, net pension liability and deferred inflow of resources, are all a result of the effects of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*.

Unrestricted net position in the governmental activities increased \$677,258 primarily due to the impact of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. See Note 6 to the financial statements for further information.

The following table provides a comparison analysis of government-wide changes in net position from fiscal years 2019 and 2018:

**Changes in Net Position  
Years ended June 30, 2019 and 2018**

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services			\$ 9,511,993	\$ 9,563,783	\$ 9,511,993	\$ 9,563,783
Operating grants and contributions	\$ 466,890	\$ 502,230	457,730	428,513	924,620	930,743
Capital grants and contributions	116,583	621,281			116,583	621,281
General revenues:						
County Appropriation	3,050,473	2,990,660			3,050,473	2,990,660
Tuition - LEA's	35,019,017	34,254,030			35,019,017	34,254,030
Nonresident Fees	167,524	160,816			167,524	160,816
State and Federal Sources	9,866,345	14,568,676			9,866,345	14,568,676
Interest Earnings	119,077	49,302	437	62	119,514	49,364
Miscellaneous	303,996	256,121			303,996	256,121
Total revenues	49,109,905	53,403,116	9,970,160	9,992,358	59,080,065	63,395,474
Expenses:						
Instructional services	27,198,493	31,567,669	2,496,769	2,419,925	29,695,262	33,987,594
Support services	20,495,052	22,002,826	7,927,410	6,999,370	28,422,462	29,002,196
Operation of non-instructional services			894,766	748,563	894,766	748,563
Total expenses	47,693,545	53,570,495	11,318,945	10,167,858	59,012,490	63,738,353
Change in net position before special item	1,416,360	(167,379)	(1,348,785)	(175,500)	67,575	(342,879)
Special Item - Transfer	(886,929)	-	886,929	-	-	-
Change in net position	529,431	(167,379)	(461,856)	(175,500)	67,575	(342,879)
Net position – beginning	18,192,540	18,359,919	1,010,353	1,185,853	19,202,893	19,545,772
Net position – ending	\$ 18,721,971	\$ 18,192,540	\$ 548,497	\$ 1,010,353	\$ 19,270,468	\$ 19,202,893

**Governmental-type Activities**

At June 30, 2019, Governmental-Type Activities net position accounted for 97.0% of the District's total net position.

The Governmental-Type Activities net position increased \$529,431 from \$18,192,540 at June 30, 2018 to \$18,721,971 at June 30, 2019, mostly as a result of an increase in revenues from tuition from other districts.

General revenues for state and federal sources and instructional and support services decreased due to the reduction in the revenues and expenses related to its OPEB.

In FY 2019, Governmental-Type Activities revenues were \$49,109,905 or 83.1% of total revenues, of which the County Appropriation of \$3,050,473 made up 5.2%, and Tuition from LEA's of \$35,019,017 made up 59.3%.

In FY 2019, the District's Governmental-Type Activities expenses were \$47,693,545 compared to \$53,570,495 for FY 2018, a decrease of \$5,876,950. This is primarily attributable to a decrease in the OPEB expense reduction in 2019.

The special item-transfer relates to the settlement of a dispute related to one-on-one aids with another school district.

### **Business-type Activities**

At June 30, 2019, Business-Type Activities net position accounted for 2.8% of the District's total net position.

Business-Type Activities net position decreased \$461,856 from \$1,010,353 at June 30, 2018 to \$548,497 at June 30, 2019.

In FY 2019, Business-Type Activities revenues were \$9,970,160.

Charges for Services and Operating Grants and Contributions for Business-Type Activities were \$9,969,723 in FY 2019 compared to \$9,992,296 in FY 2018, a 0.23% decrease.

Expenses for Business-Type Activities were \$11,318,945 in FY 2019 compared to \$10,167,858 in FY 2018, an 11.3% increase. The increase was related to an increase in expenses for Mercer Cooperative Transportation System.

### **Financial Analysis of the District's Funds**

The District uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the District to demonstrate its stewardship over and accountability for resources received from the County of Mercer, State of New Jersey and other entities. These statements also allow the reader to obtain more insight into the financial workings of the District, and assess further the District's overall financial health.

#### **Governmental Funds (Schedules B-1 and B-2)**

Governmental funds are accounted for using the modified accrual basis of accounting. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources. Such information is essential in assessing the District's financing requirements.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility of sound financial management. The following schedules represent revenues and expenditures from a New Jersey budgetary viewpoint. The first schedule presents a summary of the revenues of the General Fund and Special Revenue Fund for the fiscal year ended June 30, 2019, and the amount and percentage of increases in relation to prior year revenues.

**Revenues**  
**Year Ended June 30, 2019**

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase From 2018</u>	<u>Percent Increase From 2018</u>
Local sources	\$ 38,885,316	87.0%	\$ 949,890	2.5%
State sources	5,293,128	11.8%	521,963	10.9%
Federal sources	514,340	1.2%	52,303	11.3%
<b>Total</b>	<b>\$ 44,692,784</b>	<b>100.0%</b>	<b>\$ 1,524,156</b>	<b>3.5%</b>

The increase in local sources is mainly attributed to an increase in tuition from LEA's. State sources increased as a result of an increase in the on-behalf TPAF pension, medical and non-contributory insurance contributions made by the State of New Jersey. Federal sources increased due to an increase in Medicaid reimbursement.

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the year ended June 30, 2019, and the amounts and percentage of increases and decreases in relation to prior year expenditures.

**Expenditures**  
**Year Ended June 30, 2019**

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2018</u>	<u>Percent Increase (Decrease) From 2018</u>
Current:				
Instruction	\$ 14,679,964	34.42%	\$ (678,180)	(4.4%)
Support services	27,634,493	64.80%	1,104,826	4.2%
Capital outlay	310,275	0.73%	94,261	43.6%
Debt service - capital leases	19,231	0.05%	2,357	14.0%
<b>Total</b>	<b>\$ 42,643,963</b>	<b>100.0%</b>	<b>\$ 523,264</b>	<b>1.2%</b>

The decrease in Instruction expense is mainly attributable to the decrease in special education instruction. Support services increased as a result of an increase in the on-behalf TPAF pension, medical, and non-contributory insurance contributions. The increase in capital outlay is mainly attributed to the increase in construction services related to a new project at MHS.

**General Fund Budgetary Highlights**

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Throughout the year, budget transfers were effectuated between budget accounts to re-align the FY 2019 budget to meet the District’s needs. The final budgetary basis revenue estimate was \$38,287,149, which was \$299,960 less than the original budget estimate, attributed to a decrease in anticipated other tuition revenue from other sources.

The District received \$5,053,488 in reimbursed TPAF Social Security Aid and TPAF Pension, Post-Retirement Medical and Non-contributory Insurance Contributions. These reimbursements are reflected as revenue and expenditures in the General Fund Budgetary Comparison Schedule and have no corresponding budget amounts.

The final budgetary basis appropriations totaled \$40,442,253, which was \$121,345 less than the original budget estimate, due to the \$269,584 reduction in appropriations related to tuition revenue reduction offset by the \$148,239 increase in appropriations related to construction services.

A schedule showing the District’s original and final budget compared with actual operating results is provided in Section C of the CAFR, entitled Budgetary Comparison Schedule. The District generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund finished the fiscal year \$5,938,745 better than what was budgeted in terms of revenues and \$1,734,820 worse in terms of expenditures. Both the revenues and appropriations were adjusted for \$5,053,488 of non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF pension contributions.

### Capital Assets

At the end of fiscal years 2019 and 2018, the District had \$34,602,687 and \$35,602,692, respectively invested in a broad range of governmental activities capital assets, including construction in progress, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Increases during the year represent additions to those categories, while decreases represent retirement of assets during the year, and depreciation of depreciable assets for the year. The table below shows the net book value of governmental activities capital assets at the end of 2019 and 2018 fiscal years.

#### Capital Assets (Net of Depreciation)

	<u>2019</u>	<u>2018</u>
Construction in Progress		\$ 2,016,892
Site Improvements	\$ 294,861	128,888
Buildings and Building Improvements	32,208,871	32,828,543
Machinery and Equipment	<u>2,098,955</u>	<u>628,369</u>
Total	<u>\$ 34,602,687</u>	<u>\$ 35,602,692</u>

During the current fiscal year, \$501,820 of capital assets were capitalized as additions, of which \$201,240 represented ongoing projects. Increases in capital assets were offset by depreciation expense for the year.

The District also has business-type activities capital assets, net of accumulated depreciation at June 30, 2019 and 2018 in the amount of \$228,350 and \$251,242, respectively.

For more detailed information, please refer to Note 4 in the Notes to the Basic Financial Statements.

### **Debt Administration**

At June 30, 2019, the District had \$24,023,565 of outstanding long-term liabilities. Of this amount, \$22,359,851 represents the District's net pension liability, \$1,641,305 is for compensated absences and \$22,409 is for capital leases. The District had no bonded indebtedness during the fiscal year. For more detailed information, please refer to Note 5 of the Basic Financial Statements.

### **Economic Factors and Next Year's Budget**

For the 2018-19 school year, the Mercer County Special Services School District was able to sustain its budget through tuition revenues, the county tax levy, and out of county fees.

The 2018-19 budget was adopted on March 16, 2018. The District anticipates a slight decrease in enrollment for the 2019-20 fiscal year. The District cannot accurately forecast future enrollment. If the District were to experience a significant decrease in enrollment with no appreciable increase in the County Tax Levy for future budgets, the District will be faced with the following alternatives: (a) limiting programs and services; (b) increasing tuition rates for the sending districts; or (c) increasing other related fees.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Dr. Kimberly J. Schneider, Superintendent at the Board of Education Mercer County Special Services School District, 1020 Old Trenton Road, Hamilton, New Jersey 08690. Also, please visit our website to learn more about our District at [www.mcscssd.org](http://www.mcscssd.org).

# 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, 2019.



## MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## STATEMENT OF NET POSITION

June 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 3,302,497	\$ 521,303	\$ 3,823,800
Internal Balances	3,098,566	(3,098,566)	-
Accounts Receivable	881,087	2,998,293	3,879,380
Inventories		24,677	24,677
Restricted assets:			
Cash and Cash Equivalents	5,229,928		5,229,928
Capital Assets, Depreciable, Net	34,602,687	228,350	34,831,037
Total Assets	<u>47,114,765</u>	<u>674,057</u>	<u>47,788,822</u>
<b>Deferred Outflow of Resources</b>			
Pension deferrals	5,167,110		5,167,110
	<u>5,167,110</u>		<u>5,167,110</u>
<b>Liabilities</b>			
Accounts Payable	1,149,102	120,893	1,269,995
Accrued Liabilities	187,930		187,930
Unearned Revenue	1,072	4,667	5,739
Net Pension Liability	22,359,851		22,359,851
Noncurrent Liabilities:			
Due Within One Year	224,405		224,405
Due Beyond One Year	1,439,309		1,439,309
Total Liabilities	<u>25,361,669</u>	<u>125,560</u>	<u>25,487,229</u>
<b>Deferred Inflow of Resources</b>			
Pension deferrals	8,198,235		8,198,235
	<u>8,198,235</u>		<u>8,198,235</u>
<b>Net Position</b>			
Investment in Capital Assets	34,602,687	228,350	34,831,037
Restricted For:			
Capital reserve	5,229,928		5,229,928
Unrestricted (deficit)	(21,110,644)	320,147	(20,790,497)
Total Net Position	<u>\$ 18,721,971</u>	<u>\$ 548,497</u>	<u>\$ 19,270,468</u>

## MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Special Education	\$ 27,124,389		\$ 1,555		\$ (27,122,834)		\$ (27,122,834)
School Sponsored/Other Instructional	74,104				(74,104)		(74,104)
Support Services:							
Student and Instruction Related Services	12,571,632		465,335		(12,106,297)		(12,106,297)
General Administrative Services	445,296				(445,296)		(445,296)
School Administrative Services	1,972,152				(1,972,152)		(1,972,152)
Central Administrative Services	1,271,731				(1,271,731)		(1,271,731)
Administrative Information Technology	673,204				(673,204)		(673,204)
Plant Operations and Maintenance	3,465,972			\$ 116,583	(3,349,389)		(3,349,389)
Pupil Transportation	93,182				(93,182)		(93,182)
Interest on long-term debt	1,883				(1,883)		(1,883)
Total Governmental Activities	<u>47,693,545</u>		<u>466,890</u>	<u>116,583</u>	<u>(47,110,072)</u>		<u>(47,110,072)</u>
<b>Business-type Activities:</b>							
Food Service	604,296	\$ 145,262	457,730		\$ (1,304)		(1,304)
Mercer Cooperative Transportation System	6,382,308	6,382,302			(6)		(6)
NJ State Regional Day School	655,306	365,630			(289,676)		(289,676)
Community Resources	99,450	48,962			(50,488)		(50,488)
Special Aides	3,386,565	2,499,636			(886,929)		(886,929)
Clinic Parent	24,206				(24,206)		(24,206)
Chuck's Place	74,313	70,201			(4,112)		(4,112)
Integrated Preschool	92,501				(92,501)		(92,501)
Total Business-type Activities	<u>11,318,945</u>	<u>9,511,993</u>	<u>457,730</u>		<u>(1,349,222)</u>		<u>(1,349,222)</u>
Total Primary Government	<u>\$ 59,012,490</u>	<u>\$ 9,511,993</u>	<u>\$ 924,620</u>	<u>\$ 116,583</u>	<u>(47,110,072)</u>	<u>(1,349,222)</u>	<u>(48,459,294)</u>

<b>General Revenues:</b>							
County appropriation/taxes					3,050,473		3,050,473
Tuition					35,019,017		35,019,017
Nonresident Fees					167,524		167,524
State and Federal Sources					9,866,345		9,866,345
Interest Earnings					119,077	\$ 437	119,514
Miscellaneous					303,996		303,996
Total General Revenues					<u>48,526,432</u>	<u>437</u>	<u>48,526,869</u>
Change in net position before special item					1,416,360	(1,348,785)	67,575
Special Item-transfer					(886,929)	886,929	
Change in net position					529,431	(461,856)	67,575
Net Position - Beginning					18,192,540	1,010,353	19,202,893
Net Position - Ending					<u>\$ 18,721,971</u>	<u>\$ 548,497</u>	<u>\$ 19,270,468</u>

# Fund Financial Statements

# Governmental Funds

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GOVERNMENTAL FUNDS

## BALANCE SHEET

June 30, 2019

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 3,302,497			\$ 3,302,497
Interfund Receivable	3,174,598			3,174,598
Accounts Receivable:				
State	49,861	\$ 25,074		74,935
Federal		196		196
Other	740,826	55,919	\$ 9,211	805,956
Restricted Cash and Cash Equivalents	5,229,928			5,229,928
<b>Total Assets</b>	<b>\$ 12,497,710</b>	<b>\$ 81,189</b>	<b>\$ 9,211</b>	<b>\$ 12,588,110</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Interfund Payable		\$ 66,821	\$ 9,211	\$ 76,032
Accounts Payable	\$ 96,348			96,348
Unearned Revenue		1,072		1,072
Accrued Liabilities	174,634	13,296		187,930
<b>Total Liabilities</b>	<b>270,982</b>	<b>81,189</b>	<b>9,211</b>	<b>361,382</b>
Fund Balances:				
Restricted for:				
Capital Reserve	5,229,928			5,229,928
Assigned to:				
Designated for Subsequent Years' Expenditures	1,975,165			1,975,165
Other Purposes	754,344			754,344
Unassigned	4,267,291			4,267,291
<b>Total Fund Balances</b>	<b>12,226,728</b>			<b>12,226,728</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,497,710</b>	<b>\$ 81,189</b>	<b>\$ 9,211</b>	

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 governmental funds. The cost of the assets is \$59,012,898 and the accumulated depreciation is \$24,410,211 (See Note 4).	34,602,687
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(3,031,125)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(22,359,851)
Accrued pension contributions for the June 30, 2019 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,052,754)
Long-term liabilities, including compensated absences and capital leases are not due and payable in the current period and therefore are not reported as liabilities in the Fund (See Note 2).	(1,663,714)
<b>Net Position of Governmental Activities</b>	<b>\$ 18,721,971</b>

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year ended June 30, 2019

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
Revenues:				
Local Sources:				
County Appropriation/Tax Levy	\$ 3,050,473			\$ 3,050,473
Tuition from Other Districts	31,513,220			31,513,220
Other Tuition	3,505,797			3,505,797
Non-Resident Fees	167,524			167,524
Interest	119,077			119,077
Miscellaneous	303,996	\$ 225,229	\$ 116,583	645,808
Total - Local Sources	38,660,087	225,229	116,583	39,001,899
State Sources	5,053,488	239,640		5,293,128
Federal Sources	512,319	2,021		514,340
Total Revenues	44,225,894	466,890	116,583	44,809,367
Expenditures:				
Current:				
Instruction:				
Special Education Instruction	14,630,366	1,555		14,631,921
School Sponsored	48,043			48,043
Support Services:				
Student and Instruction Related Services	6,586,357	465,335		7,051,692
General Administration	350,221			350,221
School Administration	1,079,223			1,079,223
Central Services	725,445			725,445
Administrative Information Technology	478,034			478,034
Plant Operations and Maintenance	2,481,981			2,481,981
Pupil Transportation	77,469			77,469
Unallocated Benefits	10,336,940			10,336,940
On-behalf TPAF Benefits	5,053,488			5,053,488
Capital Outlay	310,275		116,583	426,858
Debt Service:				
Principal	17,348			17,348
Interest	1,883			1,883
Total Expenditures	42,177,073	466,890	116,583	42,760,546
Excess of revenues over expenditures	2,048,821	-	-	2,048,821
Other financing sources (uses):				
Capital leases - non-budgeted	32,783			32,783
Transfer out - special item	(886,929)			(886,929)
Total other financing sources (uses)	(854,146)	-	-	(854,146)
Net change in fund balances	1,194,675	-	-	1,194,675
Fund Balance, July 1	11,032,053	-	-	11,032,053
Fund Balance, June 30	\$ 12,226,728	\$ -	\$ -	\$ 12,226,728

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

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2019

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 1,194,675
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, on 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 depreciation expense exceeded capital asset additions in the current fiscal year.</p>		
Depreciation Expense	\$ (1,501,825)	
Capital Asset Additions	<u>501,820</u>	
		(1,000,005)
<p>The issuance of long - term debt (e.g. capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
		(32,783)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Pension expense		84,501
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) 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 a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		265,695
<p>Repayment of capital lease principal are expenditures 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.</p>		
		17,348
Change in Net Position of Governmental Activities (A-2)		<u><u>\$ 529,431</u></u>

# Proprietary Funds



MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 PROPRIETARY FUNDS

COMBINING STATEMENT OF NET POSITION

June 30, 2019

Major Enterprise Funds

	Food Service Fund	Mercer Cooperative Transportation System	NJ State Regional Day School at Hamilton	Integrated Preschool	Clinic Parent	Community Resources	Special Aides	Chuck's Place	Totals
<b>Assets</b>									
<b>Current Assets:</b>									
Cash and Cash Equivalents	\$ 76,785			\$ 70,357	\$ 41,087	\$ 324,415		\$ 8,659	\$ 521,303
Accounts Receivable:									
State	1,049								1,049
Federal	81,177								81,177
Other		\$ 756,322	\$ 128,640			14,337	\$ 2,016,768		2,916,067
Inventories	22,893							1,784	24,677
<b>Total Current Assets</b>	<b>181,904</b>	<b>756,322</b>	<b>128,640</b>	<b>70,357</b>	<b>41,087</b>	<b>338,752</b>	<b>2,016,768</b>	<b>10,443</b>	<b>3,544,273</b>
<b>Capital Assets</b>									
Site Improvements			13,100						13,100
Equipment	172,360		55,930	10,400		73,224		14,430	326,344
Building and Building Improvements			298,823						298,823
Accumulated Depreciation	(170,296)		(167,054)	(10,400)		(53,363)		(8,804)	(409,917)
<b>Total Capital Assets, Net</b>	<b>2,064</b>		<b>200,799</b>	<b>-</b>		<b>19,861</b>		<b>5,626</b>	<b>228,350</b>
<b>Total Assets</b>	<b>183,968</b>	<b>756,322</b>	<b>329,439</b>	<b>70,357</b>	<b>41,087</b>	<b>358,613</b>	<b>2,016,768</b>	<b>16,069</b>	<b>3,772,623</b>
<b>Liabilities</b>									
<b>Current:</b>									
Interfund Payable		756,328	328,869				2,013,369		3,098,566
Accounts Payable	109,700		1,183		360	4,931	3,399	1,320	120,893
Unearned Revenue	4,667								4,667
<b>Total Current Liabilities</b>	<b>114,367</b>	<b>756,328</b>	<b>330,052</b>		<b>360</b>	<b>4,931</b>	<b>2,016,768</b>	<b>1,320</b>	<b>3,224,126</b>
<b>Net Position</b>									
Investment in Capital Assets	2,064		200,799			19,861		5,626	228,350
Unrestricted (deficit)	67,537	(6)	(201,412)	70,357	40,727	333,821		9,123	320,147
<b>Total Net Position</b>	<b>\$ 69,601</b>	<b>\$ (6)</b>	<b>\$ (613)</b>	<b>\$ 70,357</b>	<b>\$ 40,727</b>	<b>\$ 353,682</b>	<b>\$ -</b>	<b>\$ 14,749</b>	<b>\$ 548,497</b>

See accompanying notes to the basic financial statements.

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 PROPRIETARY FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2019

	Major Enterprise Funds								Totals
	Food Service Fund	Mercer Cooperative Transportation System	NJ State Regional Day School at Hamilton	Integrated Preschool	Clinic Parent	Community Resources	Special Aides	Chuck's Place	
Operating Revenues:									
Local Sources									
Daily Sales - Reimbursable Programs	\$ 69,897								\$ 69,897
Daily Sales - Non-Reimbursable Programs	10,992								10,992
Special event income	64,373								64,373
Transportation Fees		\$ 6,382,302							6,382,302
Non-Resident Fees			\$ 5,256						5,256
Miscellaneous						\$ 48,962	\$ 2,499,636	\$ 70,201	2,618,799
Tuition									360,374
Total Operating Revenues	145,262	6,382,302	365,630			48,962	2,499,636	70,201	9,511,993
Operating Expenses:									
Salaries	195,832	192,170	342,524	\$ 49,488	\$ 24,206	47,326	2,154,245		3,005,791
Employee Benefits	53,290	68,641	156,764	19,203		1,130	1,232,320		1,531,348
Purchased Professional/Technical Services	4,733	4,000							8,733
Cleaning, Repair and Maintenance								4,083	4,083
Contracted Services	25,080	6,105,198							6,130,278
Other Purchased Services			32,812			27,540			60,352
Insurance	6,131		7,000						13,131
Miscellaneous Purchased Services	1,526				22,463				23,989
Supplies and Materials	29,089	10,462	44,678	1,347		15,430		66,963	167,969
Energy	975		49,284						50,259
Telephone/Communications/Postage	872	1,114	4,618			300			6,904
Travel						1,448			1,448
Cost of Sales - Program	245,789								245,789
Cost of Sales - Non-program	1,470								1,470
Miscellaneous Expenditures	5,338	723						1,070	7,131
Admin and Supervision	21,945								21,945
Other	10,702								10,702
Depreciation	1,524		17,626			6,276		2,197	27,623
Total Operating Expenses	604,296	6,382,308	655,306	92,501	24,206	99,450	3,386,565	74,313	11,318,945
Operating (Loss)	(459,034)	(6)	(289,676)	(92,501)	(24,206)	(50,488)	(886,929)	(4,112)	(1,806,952)
Nonoperating Revenues:									
Local Sources:									
Interest on Investments	437								437
State Sources:									
State School Lunch Program	5,506								5,506
Federal Sources:									
National School Lunch Program	278,109								278,109
National School Breakfast Program	143,419								143,419
Food Donation Program	30,696								30,696
Total Nonoperating Revenues	458,167								458,167
(Loss) Before Special Item	(867)	(6)	(289,676)	(92,501)	(24,206)	(50,488)	(886,929)	(4,112)	(1,348,785)
Special Item							886,929		886,929
Change in Net Position	(867)	(6)	(289,676)	(92,501)	(24,206)	(50,488)	-	(4,112)	(461,856)
Total Net Position - Beginning	70,468	-	289,063	162,858	64,933	404,170	-	18,861	1,010,353
Total Net Position (deficit) - Ending	\$ 69,601	\$ (6)	\$ (613)	\$ 70,357	\$ 40,727	\$ 353,682	\$ -	\$ 14,749	\$ 548,497

See accompanying notes to the basic financial statements.

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
PROPRIETARY FUNDS

COMBINING STATEMENT OF CASH FLOWS

Year ended June 30, 2019

Major Enterprise Funds

	Food Service Fund	Mercer Cooperative Transportation System	NJ State Regional Day School at Hamilton	Integrated Preschool	Clinic Parent	Community Resources	Special Aides	Chuck's Place	Total
<b>Cash Flows From Operating Activities:</b>									
Receipts from Customers	\$ 145,262	\$ 6,568,858	\$ 297,323			\$ 48,890	\$ 2,752,019	\$ 70,201	\$ 9,882,553
Payments to Employees	(195,832)	(192,170)	(342,524)	\$ (49,489)	\$ (23,846)	(43,775)	(2,154,245)		(3,001,881)
Payments for Employee Benefits	(53,290)	(68,641)	(156,764)	(19,203)		(1,130)	(1,232,320)		(1,531,348)
Payments to Suppliers	(277,495)	(6,121,497)	(140,973)	(23,809)		(44,718)	(1,018)	(78,700)	(6,688,210)
Net Cash (Used In) / Provided By Operating Activities	<u>(381,355)</u>	<u>186,550</u>	<u>(342,938)</u>	<u>(92,501)</u>	<u>(23,846)</u>	<u>(40,733)</u>	<u>(635,564)</u>	<u>(8,499)</u>	<u>(1,338,886)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>									
Cash Received From State and Federal Reimbursements	454,053								454,053
Advances from other funds		(186,550)	328,869				635,564		777,883
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>454,053</u>	<u>(186,550)</u>	<u>328,869</u>				<u>635,564</u>		<u>1,231,936</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>									
Purchase of Capital Assets - Equipment								(4,731)	(4,731)
Net Cash (Used In) Capital and Related Financing Activities								<u>(4,731)</u>	<u>(4,731)</u>
<b>Cash Flows From Investing Activities:</b>									
Interest Income	437								437
Net Cash Provided By Investing Activities	<u>437</u>								<u>437</u>
Net Increase (Decrease) in Cash and Cash Equivalents	73,135		(14,069)	(92,501)	(23,846)	(40,733)		(13,230)	(111,244)
Cash and Cash Equivalents, Beginning of Year	3,650	-	14,069	162,858	64,933	365,148	-	21,889	632,547
Cash and Cash Equivalents, End of Year	<u>\$ 76,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,357</u>	<u>\$ 41,087</u>	<u>\$ 324,415</u>	<u>\$ -</u>	<u>\$ 8,659</u>	<u>\$ 521,303</u>
<b>Reconciliation of Operating (Loss) To Net Cash (Used In) Provided By Operating Activities:</b>									
Operating (Loss)	\$ (459,034)	(6)	\$ (289,676)	\$ (92,501)	\$ (24,206)	\$ (50,488)	\$ (886,929)	\$ (4,112)	\$ (1,806,952)
Adjustments To Reconcile Operating (Loss) To Net Cash (Used In) Provided By Operating Activities:									
Depreciation	1,524		17,626			6,276		2,197	27,623
Changes in Assets and Liabilities:									
(Decrease) Increase in Accounts Receivable	15,701	\$ 186,556	(68,307)			(72)	252,383		386,261
Decrease in Inventory	(4,831)							(298)	(5,129)
(Decrease) Increase in Accounts Payable	65,285		(2,581)		360	3,551	(1,018)	(6,286)	59,311
Net Cash (Used In) / Provided By Operating Activities	<u>\$ (381,355)</u>	<u>\$ 186,550</u>	<u>\$ (342,938)</u>	<u>\$ (92,501)</u>	<u>\$ (23,846)</u>	<u>\$ (40,733)</u>	<u>\$ (635,564)</u>	<u>\$ (8,499)</u>	<u>\$ (1,338,886)</u>

**Noncash Noncapital Financing Activities**

The District received \$33,399 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2019.

# Fiduciary Funds

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2019

	Private - Purpose Scholarship Fund	AFLAC Trust Fund	Unemployment Compensation Trust Fund	Agency Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 6,729	\$ 158	\$ 165,075	\$ 245,611
Total Assets	<u>6,729</u>	<u>158</u>	<u>165,075</u>	<u>\$ 245,611</u>
<b>Liabilities</b>				
Payroll Deductions and Withholdings				\$ 224,689
Due to Student Groups				20,922
Total Liabilities				<u>\$ 245,611</u>
<b>Net Position</b>				
Held in Trust for Scholarships and Other Purposes	<u>\$ 6,729</u>	<u>\$ 158</u>		
Held in Trust for Unemployment Claims			<u>\$ 165,075</u>	

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year ended June 30, 2019

	Private-Purpose Scholarship Fund	AFLAC Trust Fund	Unemployment Compensation Trust Fund
<b>Additions</b>			
Interest Income			\$ 956
Employee Contributions		\$ 22,822	47,326
Other Contributions	\$ 200		
Total Additions	<u>200</u>	<u>22,822</u>	<u>48,282</u>
<b>Deductions</b>			
Scholarship Payments	3,325		
Medical Reimbursements		22,716	
Unemployment Benefit Payments			74,731
Total Deductions	<u>3,325</u>	<u>22,716</u>	<u>74,731</u>
Change in Net Position	(3,125)	106	(26,449)
Net Position - Beginning of Year	9,854	52	191,524
Net Position - End of Year	<u>\$ 6,729</u>	<u>\$ 158</u>	<u>\$ 165,075</u>

# Mercer County Special Services School District

## Notes to the Basic Financial Statements

Year ended June 30, 2019

### **1. Summary of Significant Accounting Policies**

The financial statements of the Mercer County Special Services School District (“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 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. The Board is comprised of six members appointed to three year terms as well as the Executive County Superintendent of Schools. The purpose of the School District is to provide programs adapted to each student’s unique needs and abilities, in grades pre-K through 12. Focusing on students’ capabilities, the District provides specialized academic instructional recreational activities combined with the specialized therapeutic interventions needed to assure that each child reaches their full potential. By carefully structuring each student’s program on an individual basis, the District strives to have each student become a productive, self-sufficient member of the community. The Mercer County Special Services School District has an approximate enrollment at June 30, 2019 of 556 students.

#### **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 Mercer County Special Services School District in Hamilton, New Jersey. The District receives funding from county, state, and federal government sources and must comply with the requirements of these funding source entities. The District is a component unit of Mercer County, however, the County reports its financial statements

# Mercer County Special Services School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### **1. Summary of Significant Accounting Policies (continued)**

on a regulatory basis of accounting which does not recognize or report component units.

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 Standards.

### **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 non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The 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, county appropriations 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 funds 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. County 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



# Mercer County Special Services School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues, to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, capital leases, and the net pension liability are recorded only when payment is due.

County taxes and interest 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 non-instructional equipment, which are classified in the capital outlay sub-fund.

*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 expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from approved county funds.

The District reports several major enterprise funds, which are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students or other entities on a continuing basis are financed or recovered primarily through user charges. The major enterprise funds include the following funds:

*Food Service Fund:* The food service enterprise fund accounts for all revenues and expenses pertaining to the food service operations of the District.

*Mercer Cooperative Transportation System* – The Mercer cooperative transportation system fund accounts for the financial transactions related to the transportation of students into the District as well as transportation to other Districts.

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### 1. Summary of Significant Accounting Policies (continued)

*NJ State Regional Day School* – The NJ State regional day school fund accounts for the financial transactions related to educational services provided to State students.

*Integrated Preschool* – The integrated preschool fund accounts for the financial transactions related to varied integrated preschool services in the community.

*Community Resources* – The community resources fund accounts for the financial transactions related to various related therapy services provided to other school districts.

*Special Aides* – The special aides fund accounts for the financial transactions related to special one-on-one aides for students.

*Clinical Parent Program* – The clinical parent program fund accounts for the financial transactions related to the therapy and related services of non-classified preschool children who exhibit delays in the areas of speech/language, fine motor, gross motor, and readiness skills.

*Chuck's Place* – The Chuck's Place fund accounts for the financial transactions related to the workforce training and education provided to the school district's students.

Additionally, the District reports the following fiduciary fund types:

Fiduciary funds of the District include the unemployment compensation, private-purpose scholarship and AFLAC trust funds and agency funds. The trust funds are reported using the economic resources measurement focus. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

*Trust and Agency Funds:* The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

*Trust Funds:* The unemployment compensation, private-purpose scholarship and AFLAC trust funds are accounted for using the economic resources measurement focus. The unemployment compensation fund is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private-purpose scholarship trust fund is utilized to provide scholarships to students and to account for the related transactions. The AFLAC trust fund is utilized to account for contributions from employees and payment of medical reimbursements for employees.

# Mercer County Special Services School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

*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.

As a general rule the effect of internal activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) fees charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges for sales of food, tuition and reimbursements for services provided to other entities. 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.

Unearned revenue arises when resources are received by the District before it has legal claim to them, as when federal or state assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when 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 statement of net position and balance sheet and revenue is recognized.

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a County is required to remit to the school district the entire balance of taxes in the amount certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The County Board of Taxation is responsible for the assessment of properties. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

# Mercer County Special Services School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 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 and are approved by the Board of School Estimate. Budgets are prepared using the modified accrual basis of accounting, except the Special Revenue Fund. 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 referenced in N.J.A.C. 6A:23.

All budget amendments / transfers must be approved by Board resolution. All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally-authorized revisions of the annual budgets during the year). The over-expenditures in the general fund are 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 over-expenditures.

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 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 and Cash Equivalents

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

#### F. Tuition Receivable/Payable

Tuition charges were established by the District based on estimated costs. The charges are subject to adjustment when the final costs are determined. These adjustments are recorded upon certification by the State Department of Education, which is two years following the contract year. The cumulative adjustments through June 30, 2019 which have not been recorded, are not determinable.

# Mercer County Special Services School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

#### G. 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.

#### H. Inventories

Enterprise fund inventories are valued at cost, which approximates market using the first-in, first-out (FIFO) method. At June 30, 2019, the unused U.S.D.A. Food Donation Program Commodities of \$4,667 are reported as unearned revenue.

#### I. Capital Assets

Capital assets, which include land, construction in progress, site improvements, 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 acquisition value on the date of acquisition. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

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

	<u>Years</u>
School Buildings	40
Building Improvements	20
Electrical/Plumbing	20
Light Vehicles	10
Heavy Vehicles	15
Office and Computer Equipment	10
Instructional Equipment	10
Grounds Equipment	15
Proprietary Fund Equipment	12
Software	5

# Mercer County Special Services School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

#### J. Compensated Absences

A liability for compensated absences that are attributable to services already rendered and that are 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. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability.

District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies and collective bargaining agreements. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

Upon retirement, employees shall be paid by the District for the unused sick time in accordance with the District’s agreements with the various employee unions. Under terms of association agreements, employees earn vacation and sick leave in amounts varying with tenure and classification by the District for the unused sick leave in accordance with the District’s agreements with the various employee unions.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments.

As of June 30, 2019, a liability existed for compensated absences in the government-wide financial statements in the amount of \$1,641,305 and no liability existed for compensated absences in the proprietary fund types.

#### K. Unearned Revenue

Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned. Unearned revenue in the enterprise fund represents the unused portion of U.S.D.A. commodities on hand at June 30, 2019.

#### L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*,

# Mercer County Special Services School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

### M. Long-Term Obligations

In the government-wide financial statements and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position.

Bonds are authorized in accordance with State law by the Board of Chosen Freeholders of the County through bond ordinances. All bonds are retired in serial installments within the statutory period of usefulness. The bonds are issued by the Mercer County Improvement Authority and are general obligation bonds. As of January 1, 2008, the County Government of Mercer assumed the outstanding debt service.

### N. 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.

# Mercer County Special Services School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

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

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

Of the \$12,226,728 of fund balance in the General Fund, \$754,344 of encumbrances is assigned to other purposes, \$5,229,928 has been restricted in the capital reserve account, \$1,975,165 has been classified as assigned fund balance designated for subsequent year expenditures, and the remaining \$4,267,291 is classified as unassigned.

### O. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the government-wide financial statements. 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.

### P. 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.



# Mercer County Special Services School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

#### Q. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and post-retirement medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions in the government-wide financial statements have been increased by \$2,385,521 to adjust for the full accrual basis incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

#### R. Recently Issued Accounting Pronouncements

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in April 2018. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments. The requirements of this Statement are effective for periods beginning after June 15, 2018. Management has adopted this statement in the 2019 fiscal year and it was determined that it did not have an impact on its financial statements or disclosures.

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Management has not determined the impact of the statement on the financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has not determined the impact of the statement on the financial statements.

#### S. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2019 through December 5, 2019, the date that the financial statements were issued for possible disclosure and recognition in the financial statements. In July 2019, the District settled a dispute with another New Jersey school district regarding use of one-on-one aides. As a result of the settlement, the District wrote-off the related receivable.

# Mercer County Special Services School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 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 a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including compensated absences and capital leases are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$1,663,714 difference are as follows:

Compensated absences	\$	1,641,305
Capital leases		22,409
		<hr/>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	1,663,714
		<hr/> <hr/>

### 3. Deposits and Investments

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools” and Statement No. 72 “Fair Value Measurement and Application.” The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

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

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

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### **3. Deposits and Investments (continued)**

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

#### **Deposits**

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

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

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

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

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

Operating cash accounts are held in the District's name by commercial banking institutions. At June 30, 2019, the District's carrying amount of deposits was \$3,939,996 and the bank balance was \$5,643,650. Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2019 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act. (GUDPA) covered the bank balance of \$5,010,974. \$382,676 held in the District's 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),

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### **3. Deposits and Investments (continued)**

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:

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

*Custodial Credit Risk:* The District does not have a policy for custodial credit risk other than to maintain a safekeeping account for the securities at a financial institution.

*Credit Risk:* The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

*Concentration of Credit Risk:* The District places no limit on the amount the District may invest in any one issuer. At June 30, 2019, the District had no investments, other than in the New Jersey Cash Management Fund.

*Interest Rate Risk:* The District does not have a policy to limit interest rate risk. The District did not have any funds held as investments during the year ended June 30, 2019, other than in the New Jersey Cash Management Fund.

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### **3. Deposits and Investments (continued)**

##### **New Jersey Cash Management Fund**

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund (“NJCMF”) as an investment. The NJCMF is administered by the State of New Jersey, Department of the Treasury and issues a separate report that can be obtained directly from the Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The fair value of the District’s portion in the pool is the same as the fair value of the pool shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2019, the District’s balance was \$5,531,305 and is classified as cash equivalents due to its short-term nature.

All investments in the Fund are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. The debt instruments in the New Jersey Cash Management fund are rated by three national rating agencies.

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### 4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2019:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Transfers / Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,016,892	\$ 201,240	\$ (2,218,132)	\$ -
Total capital assets, not being depreciated	2,016,892	201,240	(2,218,132)	-
Capital assets, being depreciated:				
Site improvements	552,736	193,560		746,296
Buildings & building improvements	54,483,448	591,679		55,075,127
Machinery and equipment	1,458,002	1,733,473		3,191,475
Total capital assets, being depreciated	56,494,186	2,518,712	-	59,012,898
Less accumulated depreciation for:				
Site improvements	(423,848)	(27,587)		(451,435)
Buildings & building improvements	(21,654,905)	(1,211,351)		(22,866,256)
Machinery and equipment	(829,633)	(262,887)		(1,092,520)
Total accumulated depreciation	(22,908,386)	(1,501,825)	-	(24,410,211)
Total capital assets, being depreciated, net	33,585,800	1,016,887	-	34,602,687
Governmental activities capital assets, net	\$35,602,692	\$ 1,218,127	\$ (2,218,132)	\$34,602,687

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

Special education instruction	\$ 816,171
School sponsored instruction	2,680
Student and instruction related services	393,344
School administrative services	60,199
General administrative services	19,535
Central services	40,465
Administrative information technology	26,665
Plant operations and maintenance	138,445
Pupil transportation	4,321
	\$ 1,501,825

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**4. Capital Assets (continued)**

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2019:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Site Improvements	\$ 13,100			\$ 13,100
Equipment	349,613	\$ 4,731	\$ (28,000)	326,344
Building and Building Improvements	298,823			298,823
Less accumulated depreciation	<u>(410,294)</u>	<u>(27,623)</u>	<u>28,000</u>	<u>(409,917)</u>
Total business-type activities				
Capital assets, net	<u>\$ 251,242</u>	<u>\$(22,892)</u>	<u>\$ -</u>	<u>\$ 228,350</u>

**5. Long-Term Liabilities**

During the year ended June 30, 2019, the following changes occurred in long-term liabilities:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Compensated absences payable	\$ 1,907,000	\$ 41,025	\$ 306,720	\$ 1,641,305	\$ 213,487
Capital leases	6,974	32,783	17,348	22,409	10,918
Subtotal	<u>1,913,974</u>	<u>73,808</u>	<u>324,068</u>	<u>1,663,714</u>	<u>224,405</u>
Net pension liability	<u>26,995,832</u>		<u>4,635,981</u>	<u>22,359,851</u>	
Total governmental activities long-term liabilities	<u>\$28,909,806</u>	<u>\$ 73,808</u>	<u>\$ 4,960,049</u>	<u>\$24,023,565</u>	<u>\$ 224,405</u>

The District expects to liquidate the compensated absences, the net pension liability and capital leases payable with payments made from the District's general fund.

**Bonds Payable and Bonds Authorized but Not Issued**

As of June 30, 2019, the District had no bonds payable and no authorized but not issued bonds.

**Capital Leases**

The District has commitments to lease various machinery and equipment under capital leases that

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### 5. Long-Term Liabilities (continued)

expire in fiscal years 2020 and 2021. These items are included in machinery and equipment in the District's capital assets. The gross amount of assets acquired under capital leases, included in Equipment, totals \$66,872. Total capital lease payments, including interest, made during the year ended June 30, 2019 were \$17,348. Future minimum lease payments are as follows:

Year	Principal	Interest	Total
2020	\$ 10,918	1,177	\$ 12,095
2021	11,491	603	12,094
	<u>\$ 22,409</u>	<u>1,780</u>	<u>\$ 24,189</u>

#### 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 District 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<sup>th</sup> 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<sup>th</sup> 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



## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### **6. Pension Plans (continued)**

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.

#### **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 1/55<sup>th</sup> 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<sup>th</sup> 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. In July 2018, an additional increase was phased in annually through July 2018 bringing the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### **6. Pension Plans (continued)**

During the year ended June 30, 2019, the State of New Jersey contributed \$4,034,512 to the TPAF for on-behalf 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 \$1,018,976 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2019, 2018 and 2017 were \$1,052,754, \$1,129,578, and \$1,085,322, respectively.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

##### *Public Employee's Retirement System (PERS)*

At June 30, 2019, the District reported a liability of \$22,359,851 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2017, which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.11356230 percent, which was a decrease of .0024071392 from its proportion measured as of June 30, 2017.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**6. Pension Plans (continued)**

For the year ended June 30, 2019, the District recognized full accrual pension expense of \$1,045,078 in the government-wide financial statements. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 426,406	\$ 115,295
Changes of assumptions	3,684,533	7,149,491
Net difference between projected and actual earnings on pension plan investments		209,736
Changes in proportion and differences between District contributions and proportionate share of contributions	3,417	723,713
District contributions subsequent to the measurement date	<u>1,052,754</u>	
	<u>\$ 5,167,110</u>	<u>\$ 8,198,235</u>

\$1,052,754 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2020	\$ (30,828)
2021	(404,027)
2022	(1,753,526)
2023	(1,495,418)
2024	(400,080)
	<u>\$ (4,083,879)</u>

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### 6. Pension Plans (continued)

##### *Actuarial Assumptions*

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.25%
Salary increases	
Through 2026	1.65 - 4.15% based on age
Thereafter	2.65 - 5.15% based on age
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

##### *Mortality Rates*

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of formers members provide for future improvements in mortality from 2012 to 2013 Projection Scale AA and using a generational approach based on the Conduent 2014 projections scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**6. Pension Plans (continued)**

*Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

*Discount rate*

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**6. Pension Plans (continued)**

the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	<b>At 1% Decrease (4.66%)</b>	<b>At Current Discount Rate (5.66%)</b>	<b>At 1% Increase (6.66%)</b>
District's proportionate share of the net pension liability	\$ 28,114,936	\$ 22,359,851	\$ 17,531,702

*Pension Plan Fiduciary Net Position*

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

*Additional Information*

Collective balances of the Local Group at June 30, 2018 are as follows:

Collective deferred outflows of resources	\$ 4,684,852,302
Collective deferred inflows of resources	\$ 7,646,736,226
Collective net pension liability	\$ 19,689,501,539
District's Proportion	0.1135623000%

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### **6. Pension Plans (continued)**

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,099,708,157.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2018, 2017, 2016, 2015 and 2014 is 5.63, 5.48, 5.57, 5.72, and 6.44 years, respectively.

#### *Teachers Pensions and Annuity Fund (TPAF) – Special Funding Situation*

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2018 was \$88,509,571. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2018, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1391269406 percent, which was a decrease of 0.0112615078 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$2,385,521 for contributions incurred by the State.

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### 6. Pension Plans (continued)

##### *Actuarial assumptions*

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

Inflation rate	2.25%
Salary increases:	
2011-2026	1.55 - 4.55%
Thereafter	2.00 - 5.45%
Investment rate of return	7.00%

##### *Mortality Rates*

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

##### *Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting future real rates of return by the target asset allocation percentage and by adding expected inflation.



## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### 6. Pension Plans (continued)

Best estimates of arithmetic rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

#### *Discount Rate*

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018 and 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**6. Pension Plans (continued)**

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<b>At 1% Decrease (3.86%)</b>	<b>At Current Discount Rate (4.86%)</b>	<b>At 1% Increase (5.86%)</b>
State's proportionate share of the net pension liability associated with the District	\$ 104,616,632	\$ 88,509,571	\$ 75,157,210

*Pension plan fiduciary net position*

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

**Additional Information**

Collective balances of the Local Group at June 30, 2018 are as follows:

Deferred outflows of resources	\$ 12,599,296,329
Deferred inflows of resources	\$ 16,171,861,734
Net pension liability	\$ 63,617,852,031

State's proportionate share associated with the District	0.1391269406%
---	---------------

Collective pension expense of the Local Group for the plan for the measurement period ended June 30, 2018 is \$3,726,181,598.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2018, 2017, 2016, 2015 and 2014 is 8.29, 8.3, 8.3, 8.3, and 8.5 years, respectively.

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### **7. Post-Retirement Benefits**

##### ***Plan Description and Benefits Provided***

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health benefits) for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

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, 2019, 2018 and 2017 were \$1,258,408, \$1,355,421, and \$1,409,465, respectively, which equaled the required contributions for each year.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### **7. Post-Retirement Benefits (continued)**

retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

#### *Total OPEB Liability*

The total non-employer (State) OPEB liability from New Jersey's plan is \$46,110,832,982.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**7. Post-Retirement Benefits (continued)**

*Changes in Total OPEB Liability*

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2018:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2017	\$ 115,412,079
Changes for the year:	
Service cost	3,345,522
Interest	4,207,559
Differences between expected and actual experiences	(13,491,681)
Changes in assumptions or other inputs	(11,014,339)
Member contributions	88,703
Benefit payments	<u>(2,566,507)</u>
Net changes	<u>(19,430,743)</u>
Ending Total OPEB Liability, June 30, 2018	<u>\$ 95,981,336</u>

*Employees covered by benefit terms*

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2018</u>
Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	<u>362,181</u>

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB liability associated with the District as of June 30, 2018 was \$95,981,336. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**7. Post-Retirement Benefits (continued)**

*Actuarial assumptions and other inputs*

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods of measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation rate	2.50%	2.50%
Salary increases through 2026	1.55 - 4.55%	2.15 - 4.15%
Thereafter	2.00 - 5.45%	based on age 3.15 - 5.15% based on age

*Mortality Rates*

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the actual experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have health care coverage are assumed to continue with that coverage. 100% of all active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

*Discount Rate from the Central year*

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return as rate chosen by the Division. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**7. Post-Retirement Benefits (continued)**

*Health Care Trend Assumptions*

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

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

The following presents the State's proportionate share of the total OPEB liability associated with the District as of June 30, 2018 calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	At 1% decrease (2.87%)	At current discount rate (3.87%)	At 1% increase (4.87%)
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 113,469,478	\$ 95,981,336	\$ 82,080,069

The following presents the State's proportionate share of the total OPEB liability associated with the District as of June 30, 2018 calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% decrease	Healthcare Cost Trend Rates	At 1% increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 79,334,164	\$ 95,981,336	\$ 117,997,858

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

For the year ended June 30, 2019, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$3,173,425 for OPEB expenses incurred by the State.

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### 7. Post-Retirement Benefits (continued)

Collective balances of the Education Group at June 30, 2018 are as follows:

Deferred outflow of resources	\$	1,377,313,892
Deferred inflow of resources	\$	16,189,378,926
Collective OPEB expense	\$	2,129,660,368

District's Proportion		0.21%
-----------------------	--	-------

#### *Special Funding Situation*

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

#### 8. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

#### Property and Liability Insurance

The District maintains insurance coverage for property, liability, student accident and employee health and surety bonds and does not retain risk of loss. 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. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

#### 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.



## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### 8. Risk Management (continued)

The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the past three years:

<b>Fiscal Year</b>	<b>Employee Contributions</b>	<b>Interest on Investments</b>	<b>Amount Paid or Accrued</b>	<b>Ending Balance</b>
2018-19	\$ 47,326	\$ 956	\$ 74,731	\$ 165,075
2017-18	45,433	553	29,355	191,524
2016-17	45,474	231	42,323	174,893

#### Joint Insurance Pool

The District is a member of the Burlington County Insurance Pool Joint Insurance Fund.

The Fund provides the District with the following coverage:

- Property, Inland Marine and Automobile Physical Damage
- Boiler and Machinery
- Crime
- Cyber Liability
- General and Automobile Liability
- Workers' Compensation
- Educators' Legal Liability
- Pollution Legal Liability

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

#### 9. Deferred Compensation

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457(b). The plans, which are administered by various insurance companies, permit 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.

# Mercer County Special Services School District

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 9. Deferred Compensation (continued)

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 plan members' contributions to the deferred compensation plans for the years ended June 30, 2019, 2018 and 2017 were \$1,130,944, \$1,018,340, and \$1,085,945, respectively. The District does not contribute to these plans on behalf of plan members.

### 10. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District are as follows at June 30, 2019:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 3,174,598	
Special Revenue Fund		\$ 66,821
Capital Projects Fund		9,211
Regional Day School Enterprise Fund		328,869
Special Aides Enterprise Fund		2,013,369
Cooperative Transportation Enterprise Fund		756,328
	<u>\$ 3,174,598</u>	<u>\$ 3,174,598</u>

The interfund receivable of \$3,322,635 in the General Fund is offset with an interfund payable in the Special Revenue Fund for \$66,821, the Capital Projects Fund for \$9,211, the Regional Day School Enterprise Fund for \$328,869, the Special Aides Enterprise Fund for \$2,013,369, and the Cooperative Transportation Enterprise Fund for \$756,328, which represents funds advanced to these funds to cover temporary pooled cash flow shortages. All interfund balances 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 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.

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### 12. Contingent Liabilities (continued)

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, 2019 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.

#### 13. Capital Reserve Account

A capital reserve account was established by the District 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 transfers by Board resolution at year end (June 1 and June 30) of any unanticipated revenue or unexpended line item appropriation amounts, or both. Pursuant to N.J.A.C. 6A:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 4,384,724
Decreased by:	
Appropriated 18-19 capital projects	(229,500)
Increased by:	
June 2019 resolution	800,000
Unspent proceeds returned to Capital Reserve	193,160
Interest earnings	81,544
Ending balance, June 30, 2019	<u>\$ 5,229,928</u>

Of the balance of \$5,229,928 at June 30, 2019, \$1,400,000 has been appropriated in the 2019-20 approved budget. At June 30, 2019, the amount deposited in the capital reserve account does not exceed the District's local share reported in its Long-Range Facility Plan.

## Mercer County Special Services School District

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### 13. Capital Reserve Account (continued)

The District has contractual commitments at June 30, 2019 to various vendors, which are recorded in the General Fund as fund balance assigned to other purposes in the amount of \$754,344.

#### 14. Restricted Assets

The District has \$5,229,928 of capital reserve funds that are classified as restricted assets on the statement of net position because they are restricted by the New Jersey Department of Education to be utilized for future capital projects that have been approved in the District's Long-Range Facility Plan.

#### 15. Calculation of Excess Surplus

Special service school districts are subject to an excess surplus calculation in accordance with N.J.S.A. 18A:46-31, as amended. This calculation will be performed by the Department of Education during the tuition rate certification process.

#### 16. Transfer-Reconciliation

The following represents a reconciliation of transfers made during the 2019 fiscal year:

<b>Fund</b>	<b>In</b>	<b>Out</b>
General Fund		\$ 886,929
Special Aides Enterprise Fund	\$ 886,929	
	<u>\$ 886,929</u>	<u>\$ 886,929</u>

The transfer from the General Fund to the Special Aides Enterprise Fund is a transfer to offset the write-off of the receivables related to a settlement agreement and is recorded as a special item in the financial statements.

#### 17. Deficit Net Position

The District has deficits in total net position in the Mercer Cooperative Transportation System Enterprise Fund and NJ State Regional Day School Enterprise Fund at Hamilton in the amounts of \$6 and \$613, respectively. The District plans to raise the funds to cover these deficits through various tuition and fee increases during the 2019-2020 fiscal year.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**18. Special Item – Settlement of Dispute**

District management settled a dispute with another New Jersey school district regarding use of one-on-one aides. As a result of the settlement, the District wrote-off an outstanding receivable and transferred funds from its General Fund to the Special Aides Enterprise Fund.

Required Supplementary Information  
Part II

Mercer County Special Services School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 Public Employee's Retirement System

Last Ten Fiscal Years

	Years Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset) - Local Group	0.1135623000%	0.1159694392%	0.1171888494%	0.1180391368%	0.1179801087%	0.1186931975%	n/a	n/a	n/a	n/a
District's proportionate share of the net pension liability (asset)	\$ 22,359,851	\$ 26,995,832	\$ 34,707,976	\$ 26,497,421	\$ 22,089,103	\$ 22,684,628	n/a	n/a	n/a	n/a
District's covered-employee payroll	\$ 7,748,061	\$ 7,885,994	\$ 7,945,602	\$ 7,926,175	\$ 7,907,079	\$ 8,012,451	\$ 8,033,594	\$ 8,055,127	\$ 8,441,389	\$ 9,139,961
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	288.59%	342.33%	436.82%	334.30%	279.36%	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability - Local Group	53.60%	48.10%	40.14%	47.93%	52.08%	52.08%	52.08%	52.08%	52.08%	52.08%

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

n/a - information not available

See accompanying notes to Required Supplementary Information

Mercer County Special Services School District  
 Required Supplementary Information  
 Schedule of District Contributions  
 Public Employee's Retirement System

Last Ten Fiscal Years

	Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 1,052,754	\$ 1,129,578	\$ 1,085,322	\$ 1,041,089	\$ 1,014,820	\$ 961,925	\$ 894,329	\$ 900,516	\$ 1,014,658	\$ 1,013,517
Contributions in relation to the contractually required contribution	(1,052,754)	(1,129,578)	(1,085,322)	(1,041,089)	(1,014,820)	(961,925)	(894,329)	(900,516)	(1,014,658)	(1,013,517)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,392,879	\$ 7,748,061	\$ 7,885,994	\$ 7,945,602	\$ 7,926,175	\$ 7,907,079	\$ 8,012,451	\$ 8,033,594	\$ 8,055,127	\$ 8,441,389
Contributions as a percentage of covered-employee payroll	14.24%	14.58%	13.76%	13.10%	12.80%	12.17%	11.16%	11.21%	12.60%	12.01%

*See accompanying notes to Required Supplementary Information*



Mercer County Special Services School District  
 Required Supplementary Information  
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District  
 Teachers' Pension and Annuity Fund

Last Ten Fiscal Years\*

	Year Ended June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.1617187713%	0.1544821417%	0.1503928033%	0.1503884484%	0.1391269406%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 86,433,420	\$ 97,639,310	\$ 118,308,555	\$ 101,397,315	\$ 88,509,571
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 86,433,420</u>	<u>\$ 97,639,310</u>	<u>\$ 118,308,555</u>	<u>\$ 101,397,315</u>	<u>\$ 88,509,571</u>
Plan fiduciary net position as a percentage of the total pension liability	26.49%	28.71%	22.33%	25.41%	26.49%

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

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

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

*See accompanying notes to Required Supplementary Information*

Mercer County Special Services School District  
 Schedule of the State's Proportionate Share of the Net OPEB Liability Associated With the District  
 and Changes in the Total OPEB Liability and Related Ratios □  
 Public Employee's Retirement System and Teachers' Pension and Annuity Fund  
 Required Supplementary Information

Last Ten Fiscal Years\*

	Year Ended June 30,		
	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District	0.21%	0.22%	0.22%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 95,981,336	\$ 115,412,079	\$ 124,776,914
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 95,981,336</u>	<u>\$ 115,412,079</u>	<u>\$ 124,776,914</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
	<u>2019</u>	<u>2018</u>	<u>2017 **</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 3,345,522	\$ 4,016,607	
Interest cost	4,207,559	3,634,183	
Differences between expected and actual experiences	(13,491,681)	-	
Changes of assumptions	(11,014,339)	(14,440,870)	
Member contributions	88,703	98,434	
Gross benefit payments	<u>(2,566,507)</u>	<u>(2,673,189)</u>	
Net change in total OPEB liability	(19,430,743)	(9,364,835)	
Total OPEB liability - beginning	<u>115,412,079</u>	<u>124,776,914</u>	
Total OPEB liability - ending	<u>\$ 95,981,336</u>	<u>\$ 115,412,079</u>	
Covered-employee payroll	<u>\$ 22,503,208</u>	<u>\$ 22,581,804</u>	
Total OPEB liability as a percentage of covered-employee payroll	426.52%	511.08%	

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

\*\* information not available

*See accompanying notes to Required Supplementary Information*

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Notes to Required Supplementary Information

Year ended June 30, 2019

PUBLIC EMPLOYEES' RETIREMENT SYSTEM - PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018.

TEACHERS PENSION AND ANNUITY FUND - PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018.

OTHER POST-RETIREMENT BENEFIT PLAN-PUBLIC EMPLOYEES' RETIRMENT SYSTEM AND TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

Required Supplementary Information  
Part III

Budgetary Comparison

Mercer County Special Services School District  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
County Tax Levy	\$ 3,050,473		\$ 3,050,473	\$ 3,050,473	
Tuition from other LEAs within the State	31,398,011		31,398,011	31,513,220	\$ 115,209
Tuition from other sources	3,528,125	\$ (313,960)	3,214,165	3,505,797	291,632
Non-Resident Fees	100,000		100,000	167,524	67,524
Interest Earned	3,000		3,000	37,533	34,533
Interest Earned on Capital Reserve Funds	1,000		1,000	81,544	80,544
Unrestricted Miscellaneous Revenues	256,500	14,000	270,500	303,996	33,496
<b>Total - Local Sources</b>	<b>38,337,109</b>	<b>(299,960)</b>	<b>38,037,149</b>	<b>38,660,087</b>	<b>622,938</b>
State Sources:					
On-Behalf (non-budgeted) TPAF Pension Contributions				2,774,277	2,774,277
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				1,258,408	1,258,408
TPAF Non-contributory Insurance (On-Behalf-Non-Budgeted)				1,827	1,827
Reimbursed TPAF Social Security				1,018,976	1,018,976
<b>Total State Sources</b>				<b>5,053,488</b>	<b>5,053,488</b>
Federal Sources:					
Medicaid Assistance Program	250,000		250,000	512,319	(262,319)
<b>Total - Federal Sources</b>	<b>250,000</b>		<b>250,000</b>	<b>512,319</b>	<b>(262,319)</b>
<b>Total Revenues</b>	<b>38,587,109</b>	<b>(299,960)</b>	<b>38,287,149</b>	<b>44,225,894</b>	<b>5,938,745</b>
<b>EXPENDITURES:</b>					
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	506,472	53,822	560,294	553,760	6,534
Other Salaries for Instruction	198,488	88,611	287,099	273,090	14,009
Other Purchased Services	15,000		15,000		15,000
General Supplies	18,750	10,000	28,750	28,750	
Textbooks	1,500	(1,373)	127		127
Other Objects	4,350	373	4,723	3,952	771
<b>Total Behavioral Disabilities</b>	<b>744,560</b>	<b>151,433</b>	<b>895,993</b>	<b>859,552</b>	<b>36,441</b>
<b>Multiple Disabilities:</b>					
Salaries of Teachers	3,852,784	(141,285)	3,711,499	3,659,534	51,965
Other Salaries for Instruction	1,687,598	59,850	1,747,448	1,631,348	116,100
Purchased Professional-Educational Services	2,500	(2,500)			
Other Purchased Services	81,350	(30,096)	51,254	36,828	14,426
General Supplies	149,350	3,794	153,144	147,368	5,776
Textbooks	700		700	700	
Other Objects	7,500	(1,650)	5,850	5,212	638
<b>Total Multiple Disabilities</b>	<b>5,781,782</b>	<b>(111,887)</b>	<b>5,669,895</b>	<b>5,480,990</b>	<b>188,905</b>
<b>Autism:</b>					
Salaries of Teachers	2,709,727	(47,727)	2,662,000	2,459,701	202,299
Other Salaries for Instruction	1,812,581	(62,952)	1,749,629	1,608,986	140,643
General Supplies	29,500	(545)	28,955	28,231	724
Textbooks	1,000		1,000		1,000
Other Objects	4,600		4,600	1,373	3,227
<b>Total Autism</b>	<b>4,557,408</b>	<b>(111,224)</b>	<b>4,446,184</b>	<b>4,098,291</b>	<b>347,893</b>
<b>Preschool Disabilities - Full-Time:</b>					
Salaries of Teachers	408,005	27,182	435,187	424,707	10,480
Other Salaries for Instruction	344,164	(16,909)	327,255	315,854	11,401
General Supplies	15,000		15,000	13,495	1,505
Other Objects	200		200		200
<b>Total Preschool Disabilities - Full-Time</b>	<b>767,369</b>	<b>10,273</b>	<b>777,642</b>	<b>754,056</b>	<b>23,386</b>
<b>Extended School Year:</b>					
Salaries of Teachers	1,616,125	(140,155)	1,475,970	1,475,970	
Salaries of Supervisors of Instruction	125,000	(10,744)	114,256	114,256	
Other Salaries for Instruction	727,500	(57,514)	669,986	669,986	
Other Purchased Services	115,000	(17,921)	97,079	97,079	
<b>Total Extended School Year</b>	<b>2,583,625</b>	<b>(226,334)</b>	<b>2,357,291</b>	<b>2,357,291</b>	

Mercer County Special Services School District  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (CONTINUED):</b>					
<b>Cognitive-Severe:</b>					
Salaries of Teachers	\$ 614,267	\$ 34,166	\$ 648,433	\$ 596,332	\$ 52,101
Other Salaries for Instruction	510,882	25,798	536,680	467,985	68,695
General Supplies	16,700	(675)	16,025	14,915	1,110
Other Objects	1,800	(220)	1,580	954	626
<b>Total Cognitive-Severe</b>	<b>1,143,649</b>	<b>59,069</b>	<b>1,202,718</b>	<b>1,080,186</b>	<b>122,532</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>15,578,393</b>	<b>(228,670)</b>	<b>15,349,723</b>	<b>14,630,366</b>	<b>719,357</b>
<b>School-Sponsored Co Curricular Instruction:</b>					
Other Objects	3,000		3,000	2,196	804
<b>Total School-Sponsored Co Curricular Instruction</b>	<b>3,000</b>		<b>3,000</b>	<b>2,196</b>	<b>804</b>
<b>Other Instructional Programs - Instruction:</b>					
Salaries	36,570		36,570	28,355	8,215
Supplies and Materials	18,790		18,790	17,492	1,298
Other Objects	430		430	430	
<b>Total Instructional Programs - Instruction</b>	<b>55,790</b>		<b>55,790</b>	<b>45,847</b>	<b>9,943</b>
<b>TOTAL INSTRUCTION</b>	<b>15,637,183</b>	<b>(228,670)</b>	<b>15,408,513</b>	<b>14,678,409</b>	<b>730,104</b>
<b>Undistributed Expenditures - Health Services:</b>					
Salaries	552,882	(27,057)	525,825	498,306	27,519
Purchased Professional and Technical Services	72,500	(1,384)	71,116	68,156	2,960
Other Purchased Services	1,620	10	1,630	1,630	
Supplies and Materials	23,625	2,265	25,890	25,878	12
<b>Total Undistributed Expenditures - Health Services</b>	<b>650,627</b>	<b>(26,166)</b>	<b>624,461</b>	<b>593,970</b>	<b>30,491</b>
<b>Undistributed Expenditures - Other Supp. Serv. Students - Related Services:</b>					
Salaries	4,296,634	38,649	4,335,283	4,205,540	129,743
Purchased Professional - Educational Services	205,000	(53,336)	151,664	135,577	16,087
Supplies and Materials	29,500	(3,870)	25,630	20,758	4,872
<b>Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.</b>	<b>4,531,134</b>	<b>(18,557)</b>	<b>4,512,577</b>	<b>4,361,875</b>	<b>150,702</b>
<b>Undistributed Expenditures - Child Study Teams:</b>					
Salaries of Other Professional Staff	1,017,094	46,547	1,063,641	1,034,179	29,462
Supplies and Materials	1,750	(883)	867	867	
<b>Total Undist. Expend. - Child Study Teams</b>	<b>1,018,844</b>	<b>45,664</b>	<b>1,064,508</b>	<b>1,035,046</b>	<b>29,462</b>
<b>Undistributed Expenditures - Imp. of Inst. Serv./Other Supp. Serv. - Instruc. Staff:</b>					
Salaries of Supervisors of Instruction	180,397		180,397	167,906	12,491
Salaries of Other Professional Staff	3,500		3,500		3,500
Salaries of Secretarial and Clerical Assistants	163,284	1,244	164,528	161,769	2,759
Other Purchased Services	68,600	17,000	85,600	80,102	5,498
Supplies and Materials	6,250		6,250	3,586	2,664
Other Objects	4,000		4,000	714	3,286
<b>Total Undistributed Expenditures - Imp. of Inst. Serv./Other Supp. Serv. - Instruc. Staff</b>	<b>426,031</b>	<b>18,244</b>	<b>444,275</b>	<b>414,077</b>	<b>30,198</b>
<b>Undistributed Expenditures - Educational Media Serv./Sch. Library:</b>					
Salaries	161,264	(923)	160,341	149,184	11,157
Supplies and Materials	7,875	(855)	7,020	4,882	2,138
<b>Total Undistributed Expenditures - Educational Media Serv./Sch. Library</b>	<b>169,139</b>	<b>(1,778)</b>	<b>167,361</b>	<b>154,066</b>	<b>13,295</b>
<b>Undistributed Expenditures - Instructional Staff Training Services:</b>					
Other Salaries	500		500	465	35
Other Purchased Prof. and Tech. Services	20,000	(5,600)	14,400	14,343	57
Other Purchased Services	12,000		12,000	7,970	4,030
Supplies and Materials	17,500	(11,609)	5,891	4,545	1,346
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>50,000</b>	<b>(17,209)</b>	<b>32,791</b>	<b>27,323</b>	<b>5,468</b>

Mercer County Special Services School District  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final Actual
<b>EXPENDITURES (CONTINUED):</b>					
<b>Undistributed Expenditures - Supp. Serv. - General Administration:</b>					
Salaries	\$ 100,144		\$ 100,144	\$ 91,612	\$ 8,532
Unused Vac Payment to Term/Ret Staff	15,000	\$ (3,000)	12,000	5,086	6,914
Legal Services	75,000	17,831	92,831	92,151	680
Audit Fees	63,000	(238)	62,762	62,400	362
Architectural/Engineering Services	5,000	(5,000)			
Purchased Technical Services	6,000	(1,593)	4,407	4,140	267
Communications/Telephone	48,000	894	48,894	46,266	2,628
Travel	150		150		150
Board of Education Other Purchased Services	2,500	(2,000)	500	305	195
Other Purchased Services	38,000	(2,340)	35,660	35,016	644
General Supplies	2,500		2,500		267
Judgements Against the School District	3,500	(3,500)			
Miscellaneous Expenditures	4,750	663	5,413	4,891	522
Board of Education Dues and Fees	7,500	(663)	6,837	6,121	716
<b>Total Undistributed Expenditures - Supp. Serv. - General Administration</b>	<b>371,044</b>	<b>1,054</b>	<b>372,098</b>	<b>350,221</b>	<b>21,877</b>
<b>Undistributed Expenditures - Support Serv. - School Administration:</b>					
Salaries of Principals/Assistant Principals	335,353		335,353	309,636	25,717
Salaries - Other Professional Staff	391,404	(5,000)	386,404	376,709	9,695
Salaries of Secretarial and Clerical Assistants	345,666		345,666	318,561	27,105
Other Salaries		5,000	5,000	5,000	
Unused Vacation Payment to Terminated/Retired Staff		9,744	9,744		9,744
Other Purchased Services	37,000		37,000	30,297	6,703
Supplies and Materials	33,750	2,500	36,250	32,551	3,699
Other Objects	9,000		9,000	6,469	2,531
<b>Total Undistributed Expenditures - Support Serv. - School Administration</b>	<b>1,152,173</b>	<b>12,244</b>	<b>1,164,417</b>	<b>1,079,223</b>	<b>85,194</b>
<b>Undistributed Expenditures - Central Services:</b>					
Salaries	714,693	(48,153)	666,540	613,440	53,100
Unused Vacation Payment to Terminated/Retired Staff		21,509	21,509	17,809	3,700
Purchased Technical Services	58,805	1,600	60,405	56,525	3,880
Misc Purchased Services	12,500	6,300	18,800	13,855	4,945
Supplies and Materials	11,000	(1,600)	9,400	4,899	4,501
Interest on Lease Purchase Agreements	1,885		1,885	1,885	
Miscellaneous Expenditures	12,000	5,800	17,800	17,032	768
<b>Total Undistributed Expenditures - Central Services</b>	<b>810,883</b>	<b>(14,544)</b>	<b>796,339</b>	<b>725,445</b>	<b>70,894</b>
<b>Undistributed Expenditures - Admin. Info. Tech. Services:</b>					
Salaries	209,011		209,011	204,357	4,654
Purchased Professional Services	8,000		8,000	3,021	4,979
Other Purchased Services	750		750	725	25
Supplies and Materials	117,734	1,026	118,760	118,307	453
Other Objects	152,650	(1,026)	151,624	151,624	
<b>Total Undistributed Expenditures - Admin. Info. Tech. Services</b>	<b>488,145</b>	<b>-</b>	<b>488,145</b>	<b>478,034</b>	<b>10,111</b>
<b>Undistributed Expenditures - Required Maint. for School Facilities:</b>					
Cleaning, Repair and Maintenance Services	81,042	(145)	80,897	80,897	
Lead Testing of Drinking Water	10,000	551	10,551	1,380	9,171
<b>Total Undistributed Expenditures - Required Maint. for School Facilities</b>	<b>91,042</b>	<b>406</b>	<b>91,448</b>	<b>82,277</b>	<b>9,171</b>
<b>Undistributed Expenditures - Custodial Services:</b>					
Salaries	1,110,077	(16,391)	1,093,686	1,025,448	68,238
Cleaning, Repair and Maintenance Services	344,440	74,551	418,991	293,537	125,454
Other Purchased Property Services	60,470	(40)	60,430	39,070	21,360
Insurance	177,000	100	177,100	174,147	2,953
Travel	750		750	750	
Miscellaneous Purchased Services	1,600	(18)	1,582		1,582
General Supplies	225,230	(21,018)	204,212	176,166	28,046
Natural Gas	167,936		167,936	152,764	15,172
Electricity	723,350	(3,850)	719,500	473,113	246,387
Other Objects	1,500	17	1,517	1,517	
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>2,812,353</b>	<b>33,351</b>	<b>2,845,704</b>	<b>2,336,512</b>	<b>509,192</b>

Mercer County Special Services School District  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (CONTINUED):</b>					
<b>Undistributed Expenditures - Security:</b>					
Purchased Professional & Technical Services	\$ 60,000		\$ 60,000	\$ 53,140	\$ 6,860
Cleaning, Repair and Maintenance Services	7,500		7,500	625	6,875
General Supplies	13,500		13,500	9,427	4,073
<b>Total Undistributed Expenditures - Security</b>	<u>81,000</u>		<u>81,000</u>	<u>63,192</u>	<u>17,808</u>
<b>Undistributed Expenditures - Student Transportation Services:</b>					
Salaries for Pupil Trans. Other than Between Home & School	25,000	\$ (7,000)	18,000	13,818	4,182
Cleaning, Repair & Maintenance Services	2,500	2,300	4,800	4,114	686
Contracted Services (Other than Between Home and School) - Vendors	27,500	6,450	33,950	32,729	1,221
Miscellaneous Purchased Services - Transportation	19,250	5,483	24,733	24,733	
Transportation Supplies	5,000		5,000	2,075	2,925
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<u>79,250</u>	<u>7,233</u>	<u>86,483</u>	<u>77,469</u>	<u>9,014</u>
<b>Special Programs- Instruction - Employee Benefits:</b>					
Social Security Contributions	194,500	(29,691)	164,809	164,809	
Health Benefits	750,000	(57,936)	692,064	692,064	
<b>Total Special Programs-Instruction-Employee Benefits</b>	<u>944,500</u>	<u>(87,627)</u>	<u>856,873</u>	<u>856,873</u>	
<b>Unallocated Benefits - Employee Benefits:</b>					
Social Security Contributions	600,000	13,333	613,333	564,198	49,135
TPAF Contributions ERIP	48,000		48,000	46,181	1,819
Other Retirement Contributions - PERS	1,260,000	(77,771)	1,182,229	1,132,794	49,435
Unemployment Compensation	25,000		25,000		25,000
Workmen's Compensation	1,180,000	(26,263)	1,153,737	1,089,293	64,444
Health Benefits	7,177,250	(33,568)	7,143,682	5,984,100	1,159,582
Tuition Reimbursement	65,000		65,000	40,693	24,307
Other Employee Benefits	426,500	(28,645)	397,855	363,123	34,732
Unused Vac. Payment to Term/Ret. Staff	100,000	159,685	259,685	259,685	
<b>Total Unallocated Benefits - Employee Benefits</b>	<u>10,881,750</u>	<u>6,771</u>	<u>10,888,521</u>	<u>9,480,067</u>	<u>1,408,454</u>
<b>On-behalf Contributions:</b>					
On-Behalf TPAF Pension Contributions				2,774,277	(2,774,277)
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				1,258,408	(1,258,408)
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				1,827	(1,827)
Reimbursed TPAF Social Security				1,018,976	(1,018,976)
<b>Total On-behalf Contributions</b>				<u>5,053,488</u>	<u>(5,053,488)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>24,557,915</u>	<u>(40,914)</u>	<u>24,517,001</u>	<u>27,169,158</u>	<u>(2,652,157)</u>
<b>TOTAL EXPENDITURES - CURRENT</b>	<u>40,195,098</u>	<u>(269,584)</u>	<u>39,925,514</u>	<u>41,847,567</u>	<u>(1,922,053)</u>



Mercer County Special Services School District  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>CAPITAL OUTLAY</b>					
<b>Increase in Capital Reserve:</b>					
Interest Deposit to Capital Reserve	\$ 1,000		\$ 1,000		\$ 1,000
<b>Equipment:</b>					
Multiple Disabilities	6,500	\$ 4,827	11,327	\$ 13,939	(2,612)
Autism	2,500		2,500	2,353	147
Preschool Disabilities-Full Time	2,500		2,500	2,500	
Undist Expend - Central Services		7,079	7,079	7,079	
Undist Expend - Admin Info Tech	29,800		29,800	23,229	6,571
Required Maintenance	31,700	(53)	31,647	30,745	902
Non-instructional services	65,000	(6,995)	58,005	58,005	
<b>Total Equipment</b>	<u>138,000</u>	<u>4,858</u>	<u>142,858</u>	<u>137,850</u>	<u>5,008</u>
<b>Facilities Acquisition and Construction Services:</b>					
Architectural/Engineering Services	10,000	7,424	17,424	2,077	15,347
Construction Services	219,500	135,957	355,457	156,796	198,661
<b>Total Facilities Acquisition and Construction Services</b>	<u>229,500</u>	<u>143,381</u>	<u>372,881</u>	<u>158,873</u>	<u>214,008</u>
Assets Acquired Under Capital Leases (Non-Budgeted)				32,783	(32,783)
<b>TOTAL EXPENDITURES - CAPITAL OUTLAY</b>	<u>368,500</u>	<u>148,239</u>	<u>516,739</u>	<u>329,506</u>	<u>187,233</u>
<b>TOTAL EXPENDITURES</b>	<u>40,563,598</u>	<u>(121,345)</u>	<u>40,442,253</u>	<u>42,177,073</u>	<u>(1,734,820)</u>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<u>(1,976,489)</u>	<u>(178,615)</u>	<u>(2,155,104)</u>	<u>2,048,821</u>	<u>4,203,925</u>
<b>Other Financing Sources (Uses):</b>					
Special Item -Transfer Out				(886,929)	(886,929)
Capital Leases - non-budgeted				32,783	32,783
<b>Total Other Financing Sources (Uses)</b>				<u>(854,146)</u>	<u>(854,146)</u>
<b>(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing (Uses)</b>	<u>(1,976,489)</u>	<u>(178,615)</u>	<u>(2,155,104)</u>	<u>1,194,675</u>	<u>3,349,779</u>
<b>Fund Balance, July 1</b>	<u>11,032,053</u>		<u>11,032,053</u>	<u>11,032,053</u>	
<b>Fund Balance, June 30</b>	<u>\$ 9,055,564</u>	<u>\$ (178,615)</u>	<u>\$ 8,876,949</u>	<u>\$ 12,226,728</u>	<u>\$ 3,349,779</u>
<b>Recapitulation of Fund Balance:</b>					
Restricted Fund Balance:					
Capital Reserve				\$ 5,229,928	
Assigned to:					
Designated for Subsequent Year's Expenditures				1,975,165	
Year End Encumbrances				754,344	
Unassigned Fund Balance				4,267,291	
Fund balance per Government Funds (GAAP)				<u>\$ 12,226,728</u>	

**Mercer County Special Services School District  
Special Revenue Fund**

**Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
State sources	\$ 244,160	\$ 29,322	\$ 273,482	\$ 239,640	\$ (33,842)
Federal sources		44,918	44,918	2,021	(42,897)
Local sources	223,674	2,541	226,215	225,229	(986)
Total revenues	<u>467,834</u>	<u>76,781</u>	<u>544,615</u>	<u>466,890</u>	<u>(77,725)</u>
<b>Expenditures</b>					
Current expenditures:					
Instruction:					
Salaries:					
Salaries of teachers	25,000	13,109	38,109		38,109
General supplies		2,541	2,541	1,555	986
Total instruction	<u>25,000</u>	<u>15,650</u>	<u>40,650</u>	<u>1,555</u>	<u>39,095</u>
Support services:					
Salaries	389,434	17,008	406,442	377,419	29,023
Personal services—employee benefits	50,000	36,178	86,178	78,926	7,252
Communications		1,707	1,707	1,707	
Travel	500	3,267	3,767	3,267	500
Supplies and materials	2,900	2,721	5,621	4,016	1,605
Other objects		250	250		250
Total support services	<u>442,834</u>	<u>61,131</u>	<u>503,965</u>	<u>465,335</u>	<u>38,630</u>
Total expenditures	<u>467,834</u>	<u>76,781</u>	<u>544,615</u>	<u>466,890</u>	<u>77,725</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Supplementary Information

# Special Revenue Fund

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

Year ended June 30, 2019

	Projects Adult County	Case Management - Special Child Health Services		Early Hearing Detection and Intervention	Clinic Project Program Child	WIA Out-of-School Youth	Garden Grant	MEF Grant	Pre-Employment Transition Services	Totals
		State	County							
Revenues:										
State Sources		\$ 196,562		\$ 43,078						\$ 239,640
Federal Sources						\$ 1,825			\$ 196	2,021
Local Sources	\$ 100,000		\$ 104,345		\$ 19,329		\$ 101	\$ 1,454		225,229
Total Revenues	<u>\$ 100,000</u>	<u>\$ 196,562</u>	<u>\$ 104,345</u>	<u>\$ 43,078</u>	<u>\$ 19,329</u>	<u>\$ 1,825</u>	<u>\$ 101</u>	<u>\$ 1,454</u>	<u>\$ 196</u>	<u>\$ 466,890</u>
Expenditures:										
Instruction:										
Other Salaries										
Supplies and Materials							\$ 101	\$ 1,454		\$ 1,555
Total Instruction							<u>101</u>	<u>1,454</u>		<u>1,555</u>
Support Services:										
Salaries	\$ 79,903	\$ 161,159	\$ 80,580	\$ 37,050	\$ 18,727					377,419
Personal Services - Employee Benefits	18,580	32,404	22,733	3,384		\$ 1,825				78,926
Communications		1,707								1,707
Travel		623		2,644						3,267
Supplies and Materials	1,517	669	1,032		602				\$ 196	4,016
Total Support Services	<u>100,000</u>	<u>196,562</u>	<u>104,345</u>	<u>43,078</u>	<u>19,329</u>	<u>1,825</u>			<u>196</u>	<u>465,335</u>
Total Expenditures	<u>\$ 100,000</u>	<u>\$ 196,562</u>	<u>\$ 104,345</u>	<u>\$ 43,078</u>	<u>\$ 19,329</u>	<u>\$ 1,825</u>	<u>\$ 101</u>	<u>\$ 1,454</u>	<u>\$ 196</u>	<u>\$ 466,890</u>

# Capital Projects Fund

## MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE

(BUDGETARY BASIS)

Year ended June 30, 2019

<b>Revenues</b>	
County Sources	\$ 100,000
Total Revenues	<u>100,000</u>
<b>Expenditures</b>	
Construction Services	100,083
Land and Improvements	16,500
Total expenditures	<u>116,583</u>
Deficiency of revenues under expenditures	(16,583)
Fund Balance, July 1	269,190
Fund Balance, June 30	<u>\$ 252,607</u>
 <u>Reconciliation to GAAP Financial statements</u>	
Fund Balance, June 30, 2019 - Budgetary Basis	\$ 252,607
GAAP Basis Revenues Not Recognized - County/Local	<u>(252,607)</u>
Fund Balance, June 30, 2019 - GAAP Basis	<u>\$ -</u>

## MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS

(BUDGETARY BASIS)

Mercer High School and Joseph Cappello HVAC Controls  
and Mercer High School Dryvit Replacement

Year ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
County Sources	\$ 1,424,740	\$ -	\$ 1,424,740	\$ 1,424,740
Total Revenues	<u>1,424,740</u>	<u>-</u>	<u>1,424,740</u>	<u>1,424,740</u>
<b>Expenditures and Other Financing Sources:</b>				
Architectural Services				
Construction Services	1,088,447		1,088,447	1,253,952
Land Improvements	230,293		230,293	170,788
Total Expenditures	<u>1,318,740</u>	<u>-</u>	<u>1,318,740</u>	<u>1,424,740</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 106,000</u>	<u>\$ -</u>	<u>\$ 106,000</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	3103-055-02-0690
Grant Date/Letter of Notification	various
Bond Authorization (Referendum) Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 950,500
Additional Authorized Cost	582,500
Revised Authorized Cost	1,424,740

Percentage Increase over Original Authorized Cost	61%
Percentage Completion	92.56%
Original Target Completion Date	November 2011
Revised Target Completion Date	June 2020



MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS

(BUDGETARY BASIS)

Joseph F. Capello School: Fire Alarm System

Year ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
County Sources	\$ 180,000		\$ 180,000	\$ 180,000
Total Revenues	<u>180,000</u>		<u>180,000</u>	<u>180,000</u>
<b>Expenditures and Other Financing Sources:</b>				
Construction Services	170,789	\$ 9,211	180,000	180,000
Total Expenditures	<u>170,789</u>	<u>9,211</u>	<u>180,000</u>	<u>180,000</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	<u>\$ 9,211</u>	<u>\$ (9,211)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date/Letter of Notification	N/A
Bond Authorization (Referendum) Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 180,000
Additional Authorized Cost	-
Revised Authorized Cost	180,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.00%
Original Target Completion Date	June 2017
Revised Target Completion Date	Complete

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS

(BUDGETARY BASIS)

Mercer Elementary School: Site Work

Year ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
County Sources	\$ 175,000		\$ 175,000	\$ 175,000
Total Revenues	<u>175,000</u>		<u>175,000</u>	<u>175,000</u>
<b>Expenditures and Other Financing Sources:</b>				
Land Improvements	158,060	\$ 16,500	174,560	175,000
Total Expenditures	<u>158,060</u>	<u>16,500</u>	<u>174,560</u>	<u>175,000</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	<u>\$ 16,940</u>	<u>\$ (16,500)</u>	<u>\$ 440</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date/Letter of Notification	N/A
Bond Authorization (Referendum) Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 175,000
Additional Authorized Cost	-
Revised Authorized Cost	175,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	99.75%
Original Target Completion Date	June 2018
Revised Target Completion Date	Complete

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS

(BUDGETARY BASIS)

Mercer Elementary School: HVAC Univents

Year ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
County Sources	\$ 225,000	\$ -	\$ 225,000	\$ 225,000
Total Revenues	<u>225,000</u>	<u>-</u>	<u>225,000</u>	<u>225,000</u>
<b>Expenditures and Other Financing Sources:</b>				
Construction Services	93,020	-	93,020	225,000
Total Expenditures	<u>93,020</u>	<u>-</u>	<u>93,020</u>	<u>225,000</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 131,980</u>	<u>\$ -</u>	<u>\$ 131,980</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date/Letter of Notification	N/A
Bond Authorization (Referendum) Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 225,000
Additional Authorized Cost	-
Revised Authorized Cost	225,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	41.34%
Original Target Completion Date	June 2018
Revised Target Completion Date	June 2020

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS

(BUDGETARY BASIS)

IT Infrastructure

Year ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
County Sources	\$ 100,000		\$ 100,000	\$ 100,000
Total Revenues	<u>100,000</u>		<u>100,000</u>	<u>100,000</u>
<b>Expenditures and Other Financing Sources:</b>				
Construction Services	94,941	\$ 5,059	100,000	100,000
Total Expenditures	<u>94,941</u>	<u>5,059</u>	<u>100,000</u>	<u>100,000</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	<u>\$ 5,059</u>	<u>\$ (5,059)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date/Letter of Notification	N/A
Bond Authorization (Referendum) Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 100,000
Additional Authorized Cost	-
Revised Authorized Cost	100,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.00%
Original Target Completion Date	June 2018
Revised Target Completion Date	Complete

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS

(BUDGETARY BASIS)

Security Upgrades

Year ended June 30, 2019

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
County Sources	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
Total Revenues	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<b>Expenditures and Other Financing Sources:</b>				
Construction Services	-	85,813	85,813	100,000
Total Expenditures	<u>-</u>	<u>85,813</u>	<u>85,813</u>	<u>100,000</u>
Excess/(Deficiency) of Revenues	-	-	-	-
Over/(Under) Expenditures	<u>\$ -</u>	<u>\$ 14,187</u>	<u>\$ 14,187</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date/Letter of Notification	N/A
Bond Authorization (Referendum) Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 100,000
Decrease in Authorized Cost	-
Revised Authorized Cost	100,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	85.81%
Original Target Completion Date	June 2019
Revised Target Completion Date	August 2019

# Fiduciary Funds

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
TRUST AND AGENCY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

June 30, 2019

	Trust				Agency		
	Private- Purpose Scholarship	AFLAC	Unemployment Compensation	Total Trust	Student Activity	Payroll	Total Agency
Assets:							
Cash and Cash Equivalents	\$ 6,729	\$ 158	\$ 165,075	\$ 171,962	\$ 20,922	\$ 224,689	\$ 245,611
Total Assets	<u>6,729</u>	<u>158</u>	<u>165,075</u>	<u>171,962</u>	<u>20,922</u>	<u>224,689</u>	<u>245,611</u>
Liabilities:							
Payroll Deductions and Withholdings						\$ 224,689	\$ 224,689
Due to Student Groups					\$ 20,922		20,922
Total Liabilities					<u>20,922</u>	<u>224,689</u>	<u>245,611</u>
Net Position:							
Held in Trust for Unemployment Claims			165,075	165,075			
Held in Trust for Scholarships and Other Purposes	6,729	158		6,887			
Total Net Position	<u>\$ 6,729</u>	<u>\$ 158</u>	<u>\$ 165,075</u>	<u>\$ 171,962</u>			

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND

SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year ended June 30, 2019

	Balance July 1, 2018		Cash Receipts		Cash Disbursements		Balance June 30, 2019
Capello	\$ 3,512	\$	5,149	\$	6,319	\$	2,342
High School	8,697		28,487		24,623		12,561
Elementary	9,933		6,889		10,803		6,019
Total	<u>\$ 22,142</u>	\$	<u>40,525</u>	\$	<u>41,745</u>	\$	<u>20,922</u>



MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
PAYROLL AGENCY FUND

SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year ended June 30, 2019

	Balance July 1, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
<b>Assets</b>				
Cash and Cash Equivalents	\$ 222,643	\$ 31,208,259	\$ 31,206,213	\$ 224,689
Total Assets	<u>\$ 222,643</u>	<u>\$ 31,208,259</u>	<u>\$ 31,206,213</u>	<u>\$ 224,689</u>
<b>Liabilities</b>				
Payroll Deductions and Withholdings	\$ 222,643	\$ 31,208,259	\$ 31,206,213	\$ 224,689
Total Liabilities	<u>\$ 222,643</u>	<u>\$ 31,208,259</u>	<u>\$ 31,206,213</u>	<u>\$ 224,689</u>

# Long-Term Debt

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
LONG-TERM DEBT

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Year ended June 30, 2019

<b>Description</b>	<b>Date of Lease</b>	<b>Term of Lease</b>	<b>Interest Rate</b>	<b>Amount of Original Issue</b>	<b>Balance July 1, 2018</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance June 30, 2019</b>
Ford Truck	1/15/2015	4 years	2.330%	\$ 34,089	\$ 6,974		\$ 6,974	
2018 Ford Truck	3/9/2018	3 years	5.128%	32,783		\$ 32,783	10,374	\$ 22,409
					<u>\$ 6,974</u>	<u>\$ 32,783</u>	<u>\$ 17,348</u>	<u>\$ 22,409</u>

Statistical Section  
(Unaudited)

**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.

**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.

**Revenue Capacity**

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax. These schedules are not applicable to Mercer County Special Services School District as property taxes are not a revenue source for the district.

**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. These schedules are not applicable to Mercer County Special Services School District as the district does not hold any debt.

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

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 NET POSITION BY COMPONENT  
 LAST TEN FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)  
 UNAUDITED

	As of June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities:</b>										
Investment in Capital Assets	\$ 40,373,584	\$ 39,417,476	\$ 38,822,787	\$ 38,046,878	\$ 37,556,142	\$ 37,242,158	\$ 37,059,204	\$ 36,041,421	\$ 35,595,718	\$ 34,602,687
Restricted	499,821	750,824	1,151,066	1,551,784	2,393,633	2,851,151	3,094,454	3,811,962	4,384,724	5,229,928
Unrestricted (deficit)	3,894,508	5,812,175	6,649,120	5,513,720	4,028,166	(15,314,922)	(14,084,873)	(21,493,464)	(21,787,902)	(21,110,644)
<b>Total Government Activities Net Position</b>	<b>\$ 44,767,913</b>	<b>\$ 45,980,475</b>	<b>\$ 46,622,973</b>	<b>\$ 45,112,382</b>	<b>\$ 43,977,941</b>	<b>\$ 24,778,387</b>	<b>\$ 26,068,785</b>	<b>\$ 18,359,919</b>	<b>\$ 18,192,540</b>	<b>\$ 18,721,971</b>
<b>Business-Type Activities:</b>										
Investment in Capital Assets	\$ 285,595	\$ 372,482	\$ 362,945	\$ 341,717	\$ 309,756	\$ 285,403	\$ 275,629	\$ 247,648	\$ 251,242	\$ 228,350
Unrestricted	2,311,234	2,167,994	2,083,546	1,544,319	1,188,070	1,097,383	1,073,731	938,205	759,111	320,147
<b>Total Business-Type Activities Net Position</b>	<b>\$ 2,596,829</b>	<b>\$ 2,540,476</b>	<b>\$ 2,446,491</b>	<b>\$ 1,886,036</b>	<b>\$ 1,497,826</b>	<b>\$ 1,382,786</b>	<b>\$ 1,349,360</b>	<b>\$ 1,185,853</b>	<b>\$ 1,010,353</b>	<b>\$ 548,497</b>
<b>Government-Wide:</b>										
Investment in Capital Assets	\$ 40,659,179	\$ 39,789,958	\$ 39,185,732	\$ 38,388,595	\$ 37,865,898	\$ 37,527,561	\$ 37,334,833	\$ 36,289,069	\$ 35,846,960	\$ 34,831,037
Restricted	499,821	750,824	1,151,066	1,551,784	2,393,633	2,851,151	3,094,454	3,811,962	4,384,724	5,229,928
Unrestricted (deficit)	6,205,742	7,980,169	8,732,666	7,058,039	5,216,236	(14,217,539)	(13,011,142)	(20,555,259)	(21,028,791)	(20,790,497)
<b>Total Government-Wide Net Position</b>	<b>\$ 47,364,742</b>	<b>\$ 48,520,951</b>	<b>\$ 49,069,464</b>	<b>\$ 46,998,418</b>	<b>\$ 45,475,767</b>	<b>\$ 26,161,173</b>	<b>\$ 27,418,145</b>	<b>\$ 19,545,772</b>	<b>\$ 19,202,893</b>	<b>\$ 19,270,468</b>

Source: CAFR Schedule A-1 and District records.

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

GASB 68 was implemented in the 2015 fiscal year, which required a restatement of beginning net position in the amount of \$22,684,628. This amount is not reflected in the June 30, 2014 net position above.

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	Year ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Special Education	\$ 24,841,406	\$ 23,108,085	\$ 23,177,728	\$ 23,457,196	\$ 23,079,131	\$ 26,157,918	\$ 28,568,929	\$ 30,845,335	\$ 31,487,365	\$ 27,124,389
Other Special Education		50,107	44,458	51,177	53,306	68,673	58,218	70,474	80,304	74,104
<b>Support Services:</b>										
Student and Instruction Related Services	11,074,334	10,695,312	9,831,565	10,565,290	10,152,663	11,682,237	11,904,674	13,442,373	13,707,139	12,571,632
General Administration	497,896	449,249	335,027	344,767	345,575	330,894	376,694	360,252	442,185	445,296
School Administrative Services	1,631,985	1,417,875	1,462,521	1,724,486	1,735,911	1,952,019	1,703,450	1,998,859	2,144,190	1,972,152
Central Administrative Services	1,058,708	883,952	842,546	1,044,154	1,237,868	1,268,737	1,377,548	1,577,339	1,540,650	1,271,731
Administrative Information Technology	455,442	429,035	438,483	467,688	491,039	538,884	537,750	674,279	615,227	673,204
Plant Operations and Maintenance	2,999,265	2,943,122	2,829,359	2,661,520	2,966,316	3,311,854	3,337,049	3,658,509	3,491,584	3,465,972
Pupil Transportation	29,498	68,936	19,774	16,594	71,917	21,366	27,000	38,392	61,316	93,182
Interest on Long-Term Debt									535	1,883
<b>Total Governmental Activities Expenses</b>	<b>42,588,534</b>	<b>40,045,673</b>	<b>38,981,461</b>	<b>40,332,872</b>	<b>40,133,726</b>	<b>45,332,582</b>	<b>47,891,312</b>	<b>52,665,812</b>	<b>53,570,495</b>	<b>47,693,545</b>
<b>Business-Type Activities:</b>										
<b>Target Evaluation Team</b>										
Project Adults	45,289									
Food Service	423,955	472,240	466,037	492,515	535,018	546,225	565,591	547,927	532,086	604,296
Mercer County Cooperative Transportation System	8,410,047	6,577,813	6,047,738	5,674,532	6,741,427	6,767,252	6,915,392	6,559,252	5,528,019	6,382,308
NJ State Regional Day School at Hamilton	2,237,440	2,257,360	2,207,361	2,521,195	2,411,332	1,476,116	441,799	514,635	488,724	655,306
Integrated Preschool	196,322	160,782	231,902	62,298	60,707	59,982	62,176	61,123	77,500	92,501
Capital Academy	20,671									
Assisted Augmentative Technology	47,036	34,813	24,685	20,936						
Respite	506									
Clinic Parent	22,296	37,904	26,566	7,728	9,956	2,811	492	398	4,647	24,206
Community Resources	372,160	274,074	80,279	148,491	172,061	51,703	71,098	89,383	53,420	99,450
Chuck's		82,129	72,387	65,123	64,742	68,271	77,560	67,394	80,910	74,313
Special Aides	1,912,584	1,737,379	1,743,632	2,085,488	2,370,250	3,026,205	3,021,915	3,026,594	3,402,552	3,386,565
Social Skills	1,350									
Emergency Treatment Services	28,788									
<b>Total Business-Type Activities Expenses</b>	<b>13,718,444</b>	<b>11,634,494</b>	<b>10,900,587</b>	<b>11,078,306</b>	<b>12,365,493</b>	<b>11,998,565</b>	<b>11,156,023</b>	<b>10,866,706</b>	<b>10,167,858</b>	<b>11,318,945</b>
<b>Total District Expenses</b>	<b>\$ 56,306,978</b>	<b>\$ 51,680,167</b>	<b>\$ 49,882,048</b>	<b>\$ 51,411,178</b>	<b>\$ 52,499,219</b>	<b>\$ 57,331,147</b>	<b>\$ 59,047,335</b>	<b>\$ 63,532,518</b>	<b>\$ 63,738,353</b>	<b>\$ 59,012,490</b>

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	Year ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Program Revenues:</b>										
<b>Operating Grants and Contributions:</b>										
Special Education	\$ 692,465	\$ 502,352	\$ 220,813	\$ 218,546	\$ 25,382	\$ 23,102	\$ 26,329	\$ 17,410	\$ 19,454	\$ 1,555
Student and Instruction Related Services	1,050,167	893,492	683,905	672,866	485,675	493,949	480,858	486,186	482,776	465,335
Capital Grants and Contributions		38,274	252,101	296,667	553,644	305,709	471,052	74,401	621,281	116,583
<b>Total Governmental Activities Program Revenues</b>	<b>1,742,632</b>	<b>1,434,118</b>	<b>1,156,819</b>	<b>1,188,079</b>	<b>1,064,701</b>	<b>822,760</b>	<b>978,239</b>	<b>577,997</b>	<b>1,123,511</b>	<b>583,473</b>
<b>Business-Type Activities:</b>										
<b>Charges for Services:</b>										
Food Service	88,637	97,432	85,117	76,413	110,074	126,761	124,727	125,741	131,427	145,262
Mercer County Cooperative Transportation System	8,410,047	6,578,015	6,047,738	5,674,330	6,741,427	6,767,252	6,915,391	6,559,252	5,528,019	6,382,302
NJ State Regional Day School at Hamilton	2,143,476	2,113,580	2,093,495	2,087,454	2,186,112	1,418,563	472,627	411,558	368,921	365,630
Integrated Preschool	206,289	328,626	266,112							
Assisted Augmentative Technology	36,752	24,354	25,665							
Respite	506									
Clinic Parent	49,360	29,350	32,570	18,775	17,400	9,300	9,075	6,825	5,075	
Community Resources	358,427	243,104	99,021	117,655	72,150	42,238	75,838	92,420	52,784	48,962
Chuck's Place		83,197	73,605	72,967	70,445	74,829	76,489	70,840	75,005	70,201
Special Aides	1,912,584	1,737,379	1,737,884	2,086,195	2,369,543	3,026,205	3,021,915	3,026,594	3,402,552	2,499,636
<b>Operating Grants and Contributions:</b>										
Food Service	294,311	342,975	345,345	384,041	410,132	418,364	426,515	409,953	428,513	457,730
<b>Total Business-Type Activities Program Revenues</b>	<b>13,543,363</b>	<b>11,578,012</b>	<b>10,806,552</b>	<b>10,517,830</b>	<b>11,977,283</b>	<b>11,883,512</b>	<b>11,122,577</b>	<b>10,703,183</b>	<b>9,992,296</b>	<b>9,969,723</b>
<b>Total District Program Revenues</b>	<b>\$ 15,285,995</b>	<b>\$ 13,012,130</b>	<b>\$ 11,963,371</b>	<b>\$ 11,705,909</b>	<b>\$ 13,041,984</b>	<b>\$ 12,706,272</b>	<b>\$ 12,100,816</b>	<b>\$ 11,281,180</b>	<b>\$ 11,115,807</b>	<b>\$ 10,553,196</b>
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (40,845,902)	\$ (38,611,555)	\$ (37,824,642)	\$ (39,144,793)	\$ (39,069,025)	\$ (44,509,822)	\$ (46,913,073)	\$ (52,087,815)	\$ (52,446,984)	\$ (47,110,072)
Business-Type Activities	(175,081)	(56,482)	(94,035)	(560,476)	(388,210)	(115,053)	(33,446)	(163,523)	(175,562)	(1,349,222)
<b>Total Government-wide Net (Expense)/Revenue</b>	<b>\$ (41,020,983)</b>	<b>\$ (38,668,037)</b>	<b>\$ (37,918,677)</b>	<b>\$ (39,705,269)</b>	<b>\$ (39,457,235)</b>	<b>\$ (44,624,875)</b>	<b>\$ (46,946,519)</b>	<b>\$ (52,251,338)</b>	<b>\$ (52,622,546)</b>	<b>\$ (48,459,294)</b>



MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 CHANGES IN NET POSITION  
 LAST TEN FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)  
 UNAUDITED

	Year ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Assets:										
Governmental Activities-										
County Appropriation Taxes	\$ 2,870,529	\$ 2,870,529	\$ 2,870,529	\$ 2,870,529	\$ 2,874,529	\$ 2,874,529	\$ 2,874,529	\$ 2,932,020	\$ 2,990,660	\$ 3,050,473
Tuition - LEAs	33,538,814	33,595,981	32,065,344	30,503,693	31,490,169	36,911,372	35,911,594	29,034,534	34,254,030	35,019,017
Nonresident Fees	175,880	170,013	183,485	174,791	156,155	178,474	175,230	151,248	160,816	167,524
Interest Earned on Investments	21,885	14,235	7,821	13,924	5,053	3,782	10,481	22,126	49,302	119,077
Miscellaneous Income	306,151	355,192	287,643	323,430	327,583	319,247	421,701	326,528	256,121	303,996
Federal and State Aid Not Restricted	2,955,850	2,818,167	3,052,318	3,747,835	3,081,095	7,707,492	8,809,936	11,912,493	14,568,676	9,866,345
Special Item - Transfer										(886,929)
Total Governmental Activities	39,869,109	39,824,117	38,467,140	37,634,202	37,934,584	47,994,896	48,203,471	44,378,949	52,279,605	47,639,503
Business-Type Activities:										
Interest Earned on Investments	348	127	51	21	-	13	19	16	62	437
Special Item - Transfer										886,929
Total Business-Type Activities	348	127	51	21	-	13	19	16	62	887,366
Total Government-wide	\$ 39,869,457	\$ 39,824,244	\$ 38,467,191	\$ 37,634,223	\$ 37,934,584	\$ 47,994,909	\$ 48,203,490	\$ 44,378,965	\$ 52,279,667	\$ 48,526,869
Changes in Net Position:										
Governmental Activities	\$ (976,793)	\$ 1,212,562	\$ 642,498	\$ (1,510,591)	\$ (1,134,441)	\$ 3,485,074	\$ 1,290,398	\$ (7,708,866)	\$ (167,379)	\$ 529,431
Business-Type Activities	(174,733)	(56,355)	(93,984)	(560,455)	(388,210)	(115,040)	(33,427)	(163,507)	(175,500)	(461,856)
Total District	\$ (1,151,526)	\$ 1,156,207	\$ 548,514	\$ (2,071,046)	\$ (1,522,651)	\$ 3,370,034	\$ 1,256,971	\$ (7,872,373)	\$ (342,879)	\$ 67,575

Source: CAFR Schedules 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.

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 UNAUDITED

	As of June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved	\$ 610,612									
Unreserved	6,008,461									
Restricted		\$ 750,824	\$ 1,151,066	\$ 1,551,784	\$ 2,393,633	\$ 2,079,965	\$ 2,883,893	\$ 3,652,078	\$ 4,384,724	\$ 5,229,928
Assigned		1,359,823	3,736,862	5,417,142	735,595	873,790	6,509,359	2,103,047	1,910,604	2,729,509
Unassigned		6,560,006	5,130,643	2,419,207	5,343,814	8,692,433	4,703,215	4,071,751	4,736,725	4,267,291
Total General Fund	\$ 6,619,073	\$ 8,670,653	\$ 10,018,571	\$ 9,388,133	\$ 8,473,042	\$ 11,646,188	\$ 14,096,467	\$ 9,826,876	\$ 11,032,053	\$ 12,226,728
All Other Governmental Funds:										
Restricted						\$ 771,186	\$ 210,561	\$ 159,884	\$ -	\$ -
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 771,186	\$ 210,561	\$ 159,884	\$ -	\$ -

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.N. in the basic financial statements). Prior years have not been restated above and are not required to be.

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 UNAUDITED

	Year ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
County Appropriation/Taxes	\$ 2,870,529	\$ 2,908,803	\$ 3,122,630	\$ 3,167,196	\$ 3,428,173	\$ 2,955,736	\$ 2,874,529	\$ 2,932,020	\$ 2,990,660	\$ 3,050,473
Tuition - LEA's	33,538,834	33,595,981	32,065,344	30,503,693	31,490,169	36,911,372	35,911,594	29,034,534	34,254,030	35,019,017
Nonresident Fees	175,860	170,013	183,485	174,791	156,155	178,474	175,230	151,248	160,816	167,524
Interest Earned on Investment	21,885	14,235	7,821	13,924	5,053	3,782	10,481	22,126	49,302	119,077
Miscellaneous	306,151	355,192	287,643	323,430	327,583	319,247	421,701	326,528	256,121	303,996
State Sources	3,574,464	3,269,005	3,322,120	4,039,891	3,221,612	3,735,607	4,291,762	4,459,703	4,771,165	5,293,128
Federal Sources	487,560	434,942	343,865	367,458	146,866	674,461	421,120	567,326	462,037	514,340
Other Sources	636,458	510,064	291,051	231,898	223,674	223,235	317,641	265,793	845,778	341,812
<b>Total Revenues</b>	<b>41,611,741</b>	<b>41,258,235</b>	<b>39,623,959</b>	<b>38,822,281</b>	<b>38,999,285</b>	<b>45,001,914</b>	<b>44,424,058</b>	<b>37,759,278</b>	<b>43,789,909</b>	<b>44,809,367</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Special Education Instruction	16,044,545	14,975,700	15,049,479	15,164,909	15,111,117	15,477,872	15,921,752	15,370,395	15,310,737	14,631,921
Other Special Instruction		36,001	31,495	37,908	39,796	45,603	38,641	43,177	47,407	48,043
<b>Support Services and Undistributed Costs:</b>										
Student and Instruction Related Services	7,886,748	7,592,858	7,028,694	7,091,331	6,919,887	6,959,270	7,001,739	6,999,605	6,952,537	7,051,692
General Administration	343,876	317,327	296,246	292,161	294,708	261,845	301,874	262,703	333,217	350,221
School Administration	1,162,056	1,006,393	990,978	1,130,417	1,157,838	1,129,048	980,913	1,018,627	1,065,208	1,079,223
Central Services	734,441	613,412	594,996	685,844	829,811	747,070	792,047	806,137	790,947	725,445
Administrative Information Technology	358,615	332,388	344,075	338,370	362,991	363,751	355,388	421,727	373,122	478,034
Plant Operations and Maintenance	2,478,416	2,460,992	2,401,436	2,155,718	2,474,912	2,527,708	2,451,927	2,533,285	2,408,051	2,481,981
Pupil Transportation	28,391	32,795	35,745	32,548	33,637	35,873	40,804	36,712	58,581	77,469
Unallocated Benefits	12,569,952	11,599,852	11,065,267	12,154,781	11,918,838	12,592,500	13,512,810	14,347,199	14,548,004	15,390,428
Capital Outlay	496,657	273,632	437,630	368,732	770,841	951,131	1,136,509	239,979	839,931	426,858
<b>Debt Service:</b>										
Principal									16,339	17,348
Interest									535	1,883
<b>Total Expenditures</b>	<b>42,103,697</b>	<b>39,241,350</b>	<b>38,276,041</b>	<b>39,452,719</b>	<b>39,914,376</b>	<b>41,091,671</b>	<b>42,534,404</b>	<b>42,079,546</b>	<b>42,744,616</b>	<b>42,760,546</b>
<b>Excess/(Deficiency) of Revenues</b>										
Over/(Under) Expenditures	(491,956)	2,016,885	1,347,918	(630,438)	(915,091)	3,910,243	1,889,654	(4,320,268)	1,045,293	2,048,821
<b>Other Financing Sources/(Uses):</b>										
Transfers In						1,114,530			157,248	
Transfers Out						(1,114,530)			(157,248)	
Special Item - Transfer										(886,929)
Capital Lease Proceeds		34,696				34,089				32,783
<b>Total Other Financing Sources/(Uses)</b>	<b>-</b>	<b>34,696</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,080,441)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(854,146)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (491,956)</b>	<b>\$ 2,051,581</b>	<b>\$ 1,347,918</b>	<b>\$ (630,438)</b>	<b>\$ (915,091)</b>	<b>\$ 2,829,802</b>	<b>\$ 1,889,654</b>	<b>\$ (4,320,268)</b>	<b>\$ 1,045,293</b>	<b>\$ 1,194,675</b>

Source: District CAFR and Schedule B-2.

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 UNAUDITED

	YEAR ENDED JUNE 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tuition - LEA's	\$ 33,538,835	\$ 33,595,981	\$ 32,065,344	\$ 30,503,693	\$ 31,490,169	\$ 36,911,372	\$ 35,911,594	\$ 29,034,534	\$ 34,254,030	\$ 35,019,017
Nonresident Fees	175,860	170,013	183,485	174,791	156,155	178,474	175,230	151,248	160,816	167,524
Interest Earned on Investments	21,885	14,235	7,821	13,924	5,053	3,782	10,481	22,126	49,302	119,077
County Appropriation	2,870,529	2,870,529	2,870,529	2,870,529	2,874,529	2,874,529	2,874,529	2,932,020	2,990,660	3,050,473
Rentals		267,317	257,011	290,000						
Miscellaneous	306,151	87,875	30,632	33,430	327,583	319,247	421,701	326,528	256,121	303,996
<b>Total</b>	<b>\$ 36,913,260</b>	<b>\$ 37,005,950</b>	<b>\$ 35,414,822</b>	<b>\$ 33,886,367</b>	<b>\$ 34,853,489</b>	<b>\$ 40,287,404</b>	<b>\$ 39,393,535</b>	<b>\$ 32,466,456</b>	<b>\$ 37,710,929</b>	<b>\$ 38,660,087</b>

Source: District records.

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2010	367,930	\$ 19,314,853,280	\$ 52,496	7.80%
2011	368,201	20,046,703,445	54,445	7.70%
2012	370,419	20,637,524,166	55,714	7.80%
2013	372,337	21,188,209,322	56,906	6.70%
2014	372,974	20,779,873,436	55,714	5.70%
2015	373,104	21,231,856,224	56,906	4.70%
2016	373,660	22,372,892,500	59,875	4.30%
2017	374,733	23,700,738,051	63,247	4.10%
2018	374,733	23,696,990,721	63,237	4.00%
2019	369,811	24,534,371,173	66,343	3.70%

**Source:**

- <sup>a</sup> US Bureau of the Census, Population Division, provided by the NJ Dept of Labor and Workforce Development
- <sup>b</sup> Personal income has been estimated based upon the County population and per capita personal income presented.
- <sup>c</sup> Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.
- <sup>d</sup> New Jersey Department of Labor and Workforce Development, Labor Planning and Analysis

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Instruction:</b>										
Special Education	75.2	90.1	91.1	250.8	234.9	234.5	232.7	220.8	216.4	222.6
Other Instruction	24.6	19.7	20.6	3.4						
<b>Support Services:</b>										
Student and Instruction Related Services	240.0	250.0	250.4	76.5	73.4	76.8	76.6	74.9	74.4	80.9
General Administration	3.0	4.0	4.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
School Administrative Services	16.0	15.9	20.5	14.0	13.0	14.0	13.0	13.0	13.0	13.0
Other Administrative Services	6.0	5.0	5.0	4.0	3.5	3.5	3.6	3.5	3.2	3.0
Central Services	32.0	35.6	31.5	32.0	29.6	34.0	33.8	32.5	27.4	26.8
<b>Total</b>	<b>396.8</b>	<b>420.3</b>	<b>423.1</b>	<b>381.7</b>	<b>355.4</b>	<b>363.8</b>	<b>360.7</b>	<b>345.7</b>	<b>335.4</b>	<b>347.3</b>

Source: District Personnel Records

Note: For the 2013 fiscal year, the District was able to more accurately calculate the number of employees charged to each function/program. In addition, the District no longer included Regional Day School and Special Aides employees in the count as had been done in past years. Prior year employee counts have not been restated.

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
2010	747.60	\$ 39,878,829	\$ 53,342	7.92%	75	9.97	747.60	682.30	-4.63%	91.27%
2011	699.70	38,967,718	55,692	4.40%	90	7.77	699.70	652.00	-6.41%	93.18%
2012	688.70	37,838,411	54,942	-1.35%	91	7.56	688.70	635.10	-1.57%	92.22%
2013	667.50	39,083,987	58,553	6.57%	251	2.66	667.50	617.90	-3.08%	92.57%
2014	675.60	39,143,535	57,939	-1.05%	235	2.88	675.60	606.90	1.21%	89.83%
2015	682.60	40,140,540	58,805	1.50%	235	2.90	682.60	616.70	1.04%	90.35%
2016	627.04	41,397,895	66,021	12.27%	233	2.69	627.04	562.59	-8.14%	89.72%
2017	579.09	41,839,567	72,251	9.44%	221	2.62	576.09	518.39	-8.13%	89.98%
2018	562.83	41,887,811	74,424	3.01%	216	2.60	562.83	507.36	-2.30%	90.14%
2019	555.99	42,314,457	76,107	2.26%	223	2.48	556.00	496.45	-1.22%	89.29%

Source: District records

Note: Enrollment based on annual October 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).

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

District/Building	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Elementary:										
Joseph F. Cappello (1993)										
Square Feet	73,745	73,745	73,745	73,745	73,745	73,745	73,745	73,745	73,745	73,745
Capacity (Students)	262	262	262	262	262	262	262	262	262	262
Enrollment	161	141	141	125	139	128	114	88	101	92
Mercer Elementary (2005)										
Square Feet	88,421	88,421	88,421	88,421	88,421	88,421	88,421	88,421	88,421	88,421
Capacity (Students)	265	265	265	265	265	265	265	265	265	265
Enrollment	262	242	208	205	186	213	219	201	185	205
High School:										
Mercer JR/SR (1987)										
Square Feet	86,858	86,858	86,858	86,858	86,858	86,858	86,858	86,858	86,858	86,858
Capacity (Students)	318	318	318	318	318	318	318	318	318	319
Enrollment	273	271	279	278	265	279	275	263	293	259
Other:										
Regional Day School (1984)										
Square Feet	25,411	25,411	25,411	25,411	25,411	25,411	25,411	25,411	25,411	25,411
Capacity (Students)	60	60	60	60	60	60	60	60	60	60
Enrollment	48	47	42	46	45	32	12	9	9	11

Number of Schools at June 30, 2019

Elementary = 2

Senior High School = 1

Other = 1

Source: District records, ASSA

Note: Increases in square footage and capacity are the result of additions.

Enrollment is based on the annual October district count.



MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED MAINTENANCE  
 LAST TEN FISCAL YEARS  
 UNAUDITED

	JR/SR High School	Joseph C. Cappelo	Mercer Elementary	Alfred Reed	Total
2010	\$ 28,770	\$ 24,667	\$ 31,867	\$ 8,182	\$ 93,486
2011	25,471	22,472	25,368	9,822	83,133
2012	26,841	21,091	25,288	9,822	83,042
2013	24,841	21,091	25,288	9,822	81,042
2014	24,841	21,091	25,288	7,918	79,138
2015	21,778	21,091	20,399	11,529	74,797
2016	27,904	17,022	30,177	10,019	85,122
2017	24,841	25,159	25,288	9,822	85,110
2018	24,841	20,691	25,288	9,822	80,642
2019	26,221	20,940	25,294	9,822	82,277
Total School Facilities	<u>\$ 299,388</u>	<u>\$ 250,502</u>	<u>\$ 302,231</u>	<u>\$ 114,813</u>	<u>\$ 966,934</u>

Source: District records.

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 INSURANCE SCHEDULE  
 JUNE 30, 2019  
 UNAUDITED

	Coverage	Deductible
Burlington County Insurance Pool Joint Insurance Fund:		
Property, Inland Marine and Automobile Physical Damages	\$ 175,000,000	\$ 500
Boiler and Machinery	125,000,000	1,000
Crime	500,000	500
General and Automobile Liability	20,000,000	
Workers' Compensation	Statutory	
Educator's Legal Liability	20,000,000	
Pollution Legal Liability	3,000,000	25,000
Mold		100,000
Cyber Liability	1,000,000	25,000
Violent Malicious Acts	1,000,000	15,000
Disaster Management Services	2,000,000	15,000

Source: District records

# Single Audit Section

Report on Internal Control Over Financial Reporting and Report 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  
Mercer County Special Services School District  
Hamilton, New Jersey  
County of Mercer

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 Mercer County Special Services School District, in the County of Mercer, New Jersey (the "District") as of and for the year ended June 30, 2019, 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 5, 2019.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

December 5, 2019  
Livingston, New Jersey

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

Independent Auditors' Report

Honorable President and  
Members of the Board of Education  
Mercer County Special Services School District  
Hamilton, New Jersey  
County of Mercer

**Report on Compliance for Each Major Federal and State Program**

We have audited the Mercer County Special Services School District's, in the County of Mercer, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on an audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

## Purpose of this Report

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



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

December 5, 2019  
Livingston, New Jersey



MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Award Identification Number	Program or Award Amount	Grant Period		Balance, June 30, 2018			Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balances	Balance, June 30, 2019				
				From	To	Unearned Revenue	(Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due To Grantor		
<b>U.S. Department of Health and Human Services - Passed - Through State Department of Education:</b>																	
General Fund:																	
Medicaid Assistance Program - SEMI Program	93.778	1905NJ5MAP	\$ 512,319	07/01/18	06/30/19				\$ 512,319	\$ (512,319)							
Total General Fund									<u>512,319</u>	<u>(512,319)</u>							
<b>U.S. Department of Labor - Passed - Through N.J. Department of Labor:</b>																	
Special Revenue Fund:																	
Workforce Investment Area - Out-of-School Youth	17.258	AA267951555A34	35,000	11/01/17	10/31/18	\$ (15,636)			17,461	(1,825)							
Pre-Employment Transition Services	84.126A	Not Available	28,405	04/01/19	03/31/20					(196)		\$ (196)					
Total Special Revenue Fund						<u>(15,636)</u>			<u>17,461</u>	<u>(2,021)</u>		<u>\$ (196)</u>					
<b>U.S. Department of Agriculture:</b>																	
<b>Passed-Through State Department of Agriculture:</b>																	
Enterprise Fund																	
Child Nutrition Program Cluster:																	
School Breakfast Program	10.553	181NJ304N1099	129,598	07/01/17	06/30/18		(24,530)		24,530								
School Breakfast Program	10.553	191NJ304N1099	143,419	07/01/18	06/30/19				115,584	(143,419)		(27,835)					
National School Lunch Program	10.555	191NJ304N1099	278,109	07/01/18	06/30/19				224,767	(278,109)		(53,342)					
National School Lunch Program	10.555	181NJ304N1099	259,937	07/01/17	06/30/18		(50,310)		50,310								
Food Donation Program (NC)	10.555	191NJ304N1099	33,399	07/01/18	06/30/19				33,399	(28,732)			\$ 4,667				
Food Donation Program (NC)	10.555	181NJ304N1099	34,186	07/01/17	06/30/18	\$ 1,964				(1,964)							
Total Child Nutrition Program Cluster and Enterprise Fund						<u>1,964</u>	<u>(74,840)</u>		<u>448,590</u>	<u>(452,224)</u>		<u>(81,177)</u>	<u>4,667</u>				
Total Expenditures of Federal Awards						<u>\$ 1,964</u>	<u>\$ (90,476)</u>	<u>\$ -</u>	<u>\$ 978,370</u>	<u>\$ (966,564)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(81,373)</u>	<u>\$ 4,667</u>	<u>\$ -</u>		

NC - noncash expenditures

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 Year ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance, June 30, 2018			Cash Received	Budgetary Expenditures	Adjustments	Repayments of Prior Years' Balance	Balance, June 30, 2019			Memo	
			From	To	Unearned Revenue	(Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due To Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>																
General Fund:																
On Behalf TPAF Pension and Medical Contributions	495-034-5095-001/006/007	\$ 4,034,512	07/01/18	06/30/19				\$ 4,034,512	\$ (4,034,512)							\$ (4,034,512)
Reimbursed TPAF Social Security Contributions	495-034-5094-003	1,056,709	07/01/17	06/30/18		\$ (51,572)		51,572								
Reimbursed TPAF Social Security Contributions	495-034-5094-003	1,018,976	07/01/18	06/30/19				969,115	(1,018,976)		\$ (49,861)					(1,018,976)
Total General Fund						<u>(51,572)</u>		<u>5,055,199</u>	<u>(5,053,488)</u>		<u>(49,861)</u>					<u>(5,053,488)</u>
Special Revenue Fund:																
<b>State Department of Health</b>																
Special Revenue Fund:																
Case Management - SCHS	4572-129-6140-2080	198,910	07/01/17	06/30/18		(16,833)		16,833								
Case Management - SCHS	4572-129-6140-2080	198,962	07/01/18	06/30/19				177,875	(196,562)		(18,687)					(196,562)
Early Hearing Detection and Intervention (EHDI)	DFHS17EHD002	37,829	04/01/19	03/31/20					(6,387)							(6,387)
Early Hearing Detection and Intervention (EHDI)	DFHS18EHD002	45,250	04/01/18	03/31/19		(8,559)		45,250	(36,691)		(6,387)					(36,691)
Total Special Revenue Fund						<u>(25,392)</u>		<u>239,958</u>	<u>(239,640)</u>		<u>(25,074)</u>					<u>(239,640)</u>
<b>New Jersey Schools Development Authority</b>																
Capital Projects Fund:																
NJ Schools Development Authority	Various	743,020		Indefinite		(126,759)		126,759								
Total Capital Projects Fund						<u>(126,759)</u>		<u>126,759</u>								
<b>State Department of Agriculture</b>																
Enterprise Fund:																
State School Lunch Program	100-010-3350-023	5,220	07/01/17	06/30/18		(1,006)		1,006								
State School Lunch Program	100-010-3350-023	5,506	07/01/18	06/30/19				4,457	(5,506)		(1,049)					(5,506)
Total Enterprise Fund						<u>(1,006)</u>		<u>5,463</u>	<u>(5,506)</u>		<u>(1,049)</u>					<u>(5,506)</u>
Total State Financial Assistance					\$ -	\$ (204,729)	\$ -	\$ 5,427,379	\$ (5,298,634)	\$ -	\$ -	\$ (75,984)	\$ -	\$ -	\$ -	\$ (5,298,634)
<b>State Financial Assistance Not Subject to Single Audit Determination:</b>																
On-Behalf TPAF Pension and Medical Contributions	495-034-5095-001/006/007	4,034,512	07/01/18	06/30/19				4,034,512	(4,034,512)							(4,034,512)
Total State Financial Assistance Subject to Single Audit Determination					\$ -	\$ (204,729)	\$ -	\$ 1,392,867	\$ (1,264,122)	\$ -	\$ -	\$ (75,984)	\$ -	\$ -	\$ -	\$ (1,264,122)

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

## Mercer County Special Services School District

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

Year ended June 30, 2019

#### **1. Basis of Presentation**

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. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District. The Board of Education is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

#### **2. Basis of Accounting**

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

#### **3. Relationship to Basic Financial Statements**

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

Mercer County Special Services School District

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

Year ended June 30, 2019

**3. Relationship to Basic Financial Statements (continued)**

The general fund is presented in the accompanying schedules on the modified accrual basis of accounting. 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.

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:

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$ 512,319	\$5,053,488	\$ 5,565,807
Special Revenue Fund	2,021	239,640	241,661
Food Service Enterprise Fund	452,224	5,506	457,730
Total award revenues	<u>\$966,564</u>	<u>\$ 5,298,634</u>	<u>\$ 6,265,198</u>

**4. Relationship to Federal and State Financial Reports**

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

**5. Other**

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security for TPAF members for the year ended June 30, 2019.

Mercer County Special Services School District

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

Year ended June 30, 2019

**5. Other (continued)**

The post retirement pension and medical benefits and insurance received on-behalf of the District for the year ended June 30, 2019, amounted to \$4,034,512. Since on-behalf post retirement pension, non-contributory insurance and medical benefits are paid by the State directly, these expenditures are not subject to a Single Audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

**6. Indirect Cost Rate**

The District has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Mercer County Special Services School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

**Part I - Summary of Auditors' Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes   X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes   X   None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes   X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes   X   None Reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ Yes   X   No

Identification of major federal programs:

<b>CFDA Number(s)</b>	<b>FAIN Number</b>	<b>Name of Federal Program or Cluster</b>
		<b>Child Nutrition Program Cluster</b>
10.555	191NJ304N1099	Food Donation Program
10.555	191NJ304N1099	National School Lunch Program
10.553	191NJ304N1099	School Breakfast Program

Mercer County Special Services School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2019

**Part I - Summary of Auditors' Results (continued)**

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

Auditee qualified as low-risk auditee?  X  Yes   No

**State Financial Assistance**

Internal control over major state programs:

Material weakness(es) identified?   Yes  X  No

Significant deficiency(ies) identified?   Yes  X  None reported

Type of auditors' report issued on compliance for major state programs:  Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08?   Yes  X  No

Identification of major state programs:

<b>GMIS/Program Number</b>	<b>Name of State Program or Cluster</b>
495-034-5094-003	Reimbursed TPAF Social Security Contributions

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

Auditee qualified as low-risk auditee?  X  Yes   No

Mercer County Special Services School District  
Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2019

**Part II – Schedule of Financial Statement Findings**

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.



Mercer County Special Services School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2019

**Part III - Schedule of Federal and State Financial Assistance  
Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

**Federal Award Programs**

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

**State Award Programs**

No compliance or internal control findings noted that are required to be reported in accordance with New Jersey Treasury Circular OMB 15-08.

Mercer County Special Services School District  
Summary Schedule of Prior Year Audit Findings  
Year ended June 30, 2019

Not applicable as there were no prior year audit findings identified.