

MERCER COUNTY
SPECIAL
SERVICES
SCHOOL DISTRICT

County of Mercer
Board of Education
New Jersey

*Annual Comprehensive Financial Report
For the Year Ended
June 30, 2021*

Mercer County Special Services School District

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

Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

Prepared by
Business Office

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Introductory Section



James A. Fazzone, Ed. D.
Interim Superintendent

Deborah Donnelly
Business Administrator/Board
Secretary

February 7, 2022

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 Annual Comprehensive Financial Report of the Mercer County Special Services School District (“District”) for the fiscal year ended June 30, 2021, 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 (“Board”). 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 and each major fund at June 30, 2021 and the respective changes in financial position and cash flows, where applicable, for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The Annual Comprehensive 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 auditors’ 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 2021 fiscal year with an average daily enrollment of 492.5 students, which is 27.70 students less than the previous year’s average daily enrollment. The following details the changes in the average daily enrollment of the District over the last ten (10) years.

<u>Fiscal</u> <u>Year Ending</u>	<u>Average Daily Enrollment</u> <u>Enrollment</u>	<u>Percent</u> <u>Change</u>
2020-2021	492.5	(5.32)%
2019-2020	520.2	(6.45)%
2018-2019	556.0	(1.22)%
2017-2018	562.8	(2.30)%
2016-2017	576.1	(8.13)%
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)%

2) MAJOR INITIATIVES/LONG RANGE PLANNING:

The district continues to increase staff professional development for Social-Emotional Learning. The training focuses on the well-being of students and staff alike. The professional development focuses on creating healthy relationships, developing self-regulation, and utilizing holistic practices that build equity and harmony in the school community. The district continues to create an environment that is less stressful, where relationships are strengthened, and decisions are made that lead to positive outcomes for students and staff. Furthermore, the district is planning to transition to the Frontline IEP platform for IEP development, communication with sending districts, and compliance. The district is committed to training staff to ensure the platform is utilized to its fullest capacity. Communication continues to be an initiative for the district; to increase the efficient, clear, and transparent communication with parents, staff, and other stakeholders in the MCSSSD community. The district has been utilizing the platforms Constant Contact and Talking Points. 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 will also be focusing on training staff in CPI de-escalation and behavior management.

The District’s buildings range in age from 16 years to 37 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. 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, the district plans to replace the roof and steam pipes at the Alfred Reed School.

3) ECONOMY AND ECONOMIC OUTLOOK:

Mercer County is home of a wide range of industries including education, health and social services. The county’s unemployment rate was 6.5% at June 2021, which is higher than the national average of 5.2%. Mercer County has seen the job market increase by 1.3% over the last year. Future job growth over the next ten years is predicted to be 29.4%, which is lower than the US average of 33.5%. Professional, scientific and technical services are expected to be the county’s job growth leader with an anticipated gain of 7,800 jobs or 31.9 percent.

The District had an decrease in enrollment during the 2020-2021 school year. The District cannot accurately forecast future enrollment. While the District does not anticipate a significant change in enrollment for the 2021-2022 school year, the District is aware that requirements for controlling out of District placements from sending districts and the 4% cap on the sending district's tax levy increases have the potential to impact future enrollment. For the 2020-21 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 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"). Internal control 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 federal awards and state financial assistance, the District is also responsible for ensuring that an adequate internal control is in place to ensure compliance with applicable laws and regulations. Internal control 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, regulations, contracts and grants.

5) BUDGETARY CONTROLS:

In addition to internal control, 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 the 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, 2021.

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, 2021.

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 annual comprehensive financial report for the fiscal years ended June 30, 2012 through 2020 and was granted the award. In order to be awarded this certificate, the District published an easily readable and efficiently organized annual comprehensive financial report and satisfied both generally accepted accounting principles and applicable legal requirements.

We believe that our current annual comprehensive 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 2020-2021 award.

9) COVID-19 PANDEMIC:

Mercer County Special Services School District began a program to prevent the transmission of the coronavirus in March 2020, beginning with cautionary signage and enhanced cleaning of buildings. As the pandemic continued, the District took a variety of safety precautions, including implementing remote learning, providing PPE to staff, enforcing physical distancing in the buildings, improving ventilation and HVAC systems, and sharing information with employees and students about safety protocols. The District has changed usage protocols for classrooms, cafeterias, and shared spaces. Improvements to the ventilation and HVAC systems have included changing filters 25% more frequently, running the system at 100% capacity two hours before and after occupancy, upgrading to MERV-13 filters wherever possible and increasing the volume of fresh air circulation. The District is currently obtaining proposals for the installation of Needlepoint Bipolar Ionization technology in schools to improve air filtration. The District also has installed hydroxyl generators in the nursing offices and use the same when treating any spaces suspected of having a presumptive positive case. The District has also implemented more frequent cleaning. In addition, the District has provided hand sanitizer, and distributed a range of PPE to staff, as needed, including surgical masks, N95 masks, face shields, and isolation gowns. Masks are required in all buildings. Students and staff are required to submit a daily health screening form prior to entering district buildings. The District anticipates continued vigilance will be necessary and will examine any new options or protocols that become available to keep students and staff as safe as possible.

10) ACKNOWLEDGEMENTS:

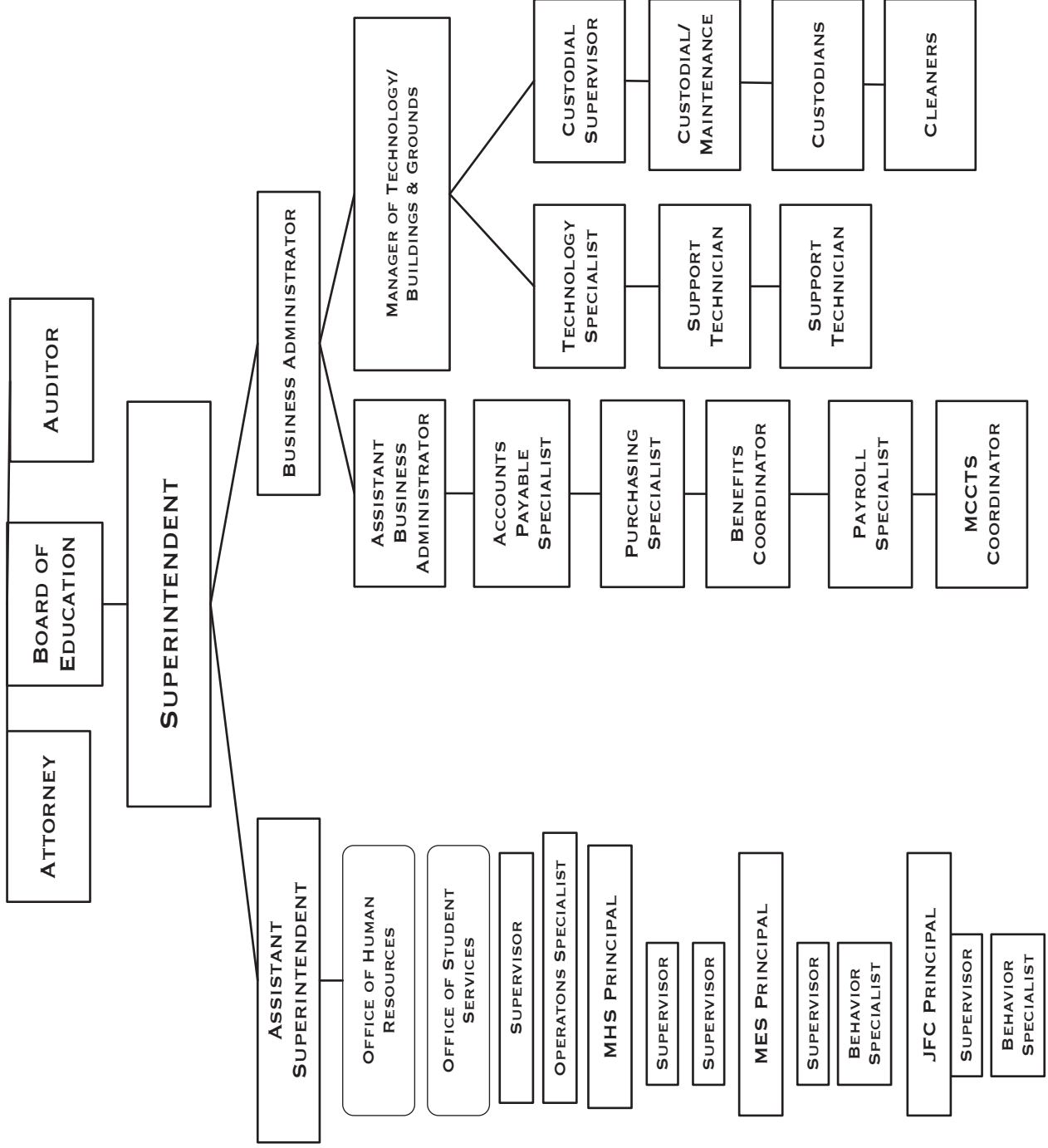
We would like to express our appreciation to the members of the Mercer County Special Services School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the County and District and thereby contributing their full support to the development 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,


James A. Fazzino, Ed. D.
Interim Superintendent


Deborah Donnelly
Business Administrator/ Board Secretary

Mercer County Special Services School District
 Organizational Chart
 2020-2021



Mercer County Special Services School District
Mercer County, New Jersey

Roster of Officials

June 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Camille Rainiero, President	2022
Lisa Vena, Vice President	2022
Jan Lewis	2022
Gerald Stockman	2022
Stacy Morgan Santo	2023
Yasmin Hernandez-Manno, Executive County Superintendent	Ex-Officio

Other Officials

Dr. Kimberly J. Schneider, Superintendent of Schools (retired as of June 30, 2021)
Brian Bittings, Interim Assistant Superintendent
Deborah Donnelly, Business Administrator/ Board Secretary
Udaya Batchu, Assistant Business Administrator
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
100 Campus Drive, Suite 400
Florham Park, New Jersey 07932

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
for the Fiscal Year Ended June 30, 2020.**

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



W. Edward Chabal

W. Edward Chabal
President

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 and each major fund of the Mercer County Special Services School District, County of Mercer, New Jersey (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness 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 and each major fund of the District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 17 to the financial statements, during the fiscal year ended June 30, 2021, the District adopted new accounting guidelines, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principle. As discussed in Note 17 to the financial statements, as of July 1, 2020, the District's government-wide financial statements net position and the fund balances of the general fund and special revenue fund were retroactively adjusted to reflect the impact of the change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District 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

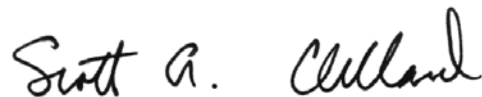
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state 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, 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, 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 February 7, 2022 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

February 7, 2022
Florham Park, 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, 2021

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, 2021. 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 fiscal year and the prior fiscal year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2020-2021 fiscal year include the following:

- The District's average daily enrollment decreased 5.32% from 520.2 in 2020 to 492.5 in 2021.
- The District's governmental activities net position decreased \$1,219,276 or 7.05% primarily due to the decrease in local sources which includes tuition from other districts in FY21.
- The District followed the requirements of GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the 2021 fiscal year resulting in the recording of additional revenue and expense in the amount of \$4,995,200 related to post-employment health benefits.

Using this Annual Comprehensive Financial Report (ACFR)

This ACFR 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 ACFR 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 2020/21?" 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 2020-21 Annual Comprehensive 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 two categories: governmental funds and proprietary 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 \$3,602,404 while total fund balance was \$9,659,324. 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 8.1% of the total general fund expenditures while total fund balance represents 21.8% of that same amount. During the current fiscal year, the fund balance of the District's general fund balance decreased by \$1,606,893. The decrease in fund balance is primarily attributable to the decrease in revenue from tuition.

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 \$147,386 in state financial assistance, \$142,157 in federal awards and \$229,310 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 \$58,815, which was comprised of expenditures of \$36,700 for piping and unit ventilators for the Alfred Reed School and \$22,115 for the library at Mercer Elementary School.

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, 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.

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 30 through 67 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 2021 and 2020:

Net Position June 30, 2021 and 2020

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 10,098,096	\$ 11,686,798	\$ 364,664	\$ 1,666,737	\$ 10,462,760	\$ 13,353,535
Capital assets, net	33,180,748	33,922,547	187,835	210,379	33,368,583	34,132,926
Total assets	43,278,844	45,609,345	552,499	1,877,116	43,831,343	47,486,461
Deferred Outflow of Resources	2,565,052	3,420,074			2,565,052	3,420,074
Current liabilities and other	1,721,513	1,927,189	18,606	1,318,199	1,740,119	3,245,388
Net pension liability	16,715,885	19,501,217			16,715,885	19,501,217
Long-term liabilities	1,922,716	1,638,519			1,922,716	1,638,519
Total liabilities	20,360,114	25,361,669	18,606	125,560	20,378,720	24,385,124
Deferred Inflow of Resources	9,184,185	8,666,274			9,184,185	8,666,274
Net position:						
Investment in Capital Assets	33,180,748	33,911,056	187,835	210,379	33,368,583	34,121,435
Restricted	4,994,066	5,005,565			4,994,066	5,005,565
Unrestricted (deficit)	(21,875,217)	(21,620,401)	346,058	348,538	(21,529,159)	(21,271,863)
Total net position	\$ 16,299,597	\$ 17,296,220	\$ 533,893	\$ 558,917	\$ 16,833,490	\$ 17,855,137

A large portion of the District's net position is the amount invested in capital assets (e.g. land, construction in progress, building and building improvements and machinery, vehicles and equipment), net of related debt. The balance of net investment in capital assets is the carrying value of capital assets less the amount of the outstanding debt used to finance those assets.

Current and other assets decreased \$2,890,775 of which \$1,878,298 is attributed to a decrease in cash and cash equivalents and \$1,007,212 is attributed to a decrease in accounts receivable. This decrease in cash and cash equivalents and accounts receivable is mostly a result of a decrease in transportation revenue for the District. Accounts payable decreased due to transportation contract disputes that were not settled as of June 30, 2020 which resulted in a large payable balance in the prior year. The decrease in net 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 increase in 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*. The amounts changed due to an actuarial calculation performed by a third party actuary and resulted from an increase in the discount rate.

The total net position of the District decreased by \$1,021,647, or 5.7% due to the decrease in revenues for all Enterprise funds, notably Mercer Cooperative Transportation System and Special Aides. Additionally, the decrease in governmental revenues and net pension liability contributed to the decrease in the net position of the District.

The following table provides a comparison analysis of government-wide changes in net position from fiscal years 2021 and 2020:

Changes in Net Position
Years ended June 30, 2021 and 2020

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 32,424,239	\$ 35,112,636	\$ 6,096,669	\$ 10,790,594	\$ 38,520,908	\$ 45,903,230
Operating grants and contributions	518,853	501,050	358,535	342,450	877,388	843,500
Capital grants and contributions	58,815	63,642			58,815	63,642
General revenues:						
County Appropriation	3,111,482	3,111,482			3,111,482	3,111,482
Nonresident Fees	118,800	156,672			118,800	156,672
State and Federal Sources	12,017,551	7,014,185			12,017,551	7,014,185
Interest Earnings	4,506	119,012	16	341	4,522	119,353
Miscellaneous	382,367	403,285			382,367	403,285
Total revenues	48,636,613	46,481,964	6,455,220	11,133,385	55,091,833	57,615,349
Expenses:						
Instructional services	28,161,065	27,466,647	2,035,875	2,583,022	30,196,940	30,049,669
Support services	21,749,824	20,373,783	4,112,822	8,017,504	25,862,646	28,391,287
Operation of non-instructional services			276,547	589,724	276,547	589,724
Total expenses	49,910,889	47,840,430	6,425,244	11,190,250	56,336,133	59,030,680
Change in net position before transfer	(1,274,276)	(1,358,466)	29,976	(56,865)	(1,244,300)	(1,415,331)
Transfers	55,000	(67,285)	(55,000)	67,285		
Change in net position	(1,219,276)	(1,425,751)	(25,024)	10,420	(1,244,300)	(1,415,331)
Net position – July 1, (retroactively adjusted - see Note 17)	17,518,873	18,721,971	558,917	548,497	18,077,790	19,270,468
Net position – ending	\$ 16,299,597	\$ 17,296,220	\$ 533,893	\$ 558,917	\$ 16,833,490	\$ 17,855,137

Governmental-type Activities

At June 30, 2021, Governmental-Type Activities net position accounted for 96.8% of the District's total net position.

The Governmental-Type Activities net position decreased \$1,219,276 from \$17,518,873 at June 30, 2020 to \$16,299,597 at June 30, 2021, mostly as a result of a decrease in revenues.

Program revenues and instructional and support services decreased due to the reduction in enrollment.

In FY 2021, Governmental-Type Activities revenues were \$48,636,613 or 88.3% of total revenues, of which the County Appropriation of \$3,111,482 made up 6.4%, and Tuition from LEA's of \$32,424,239 made up 66.7%.

In FY 2021, the District's Governmental-Type Activities expenses were \$49,910,889 compared to \$47,840,430 for FY 2020, a decrease of \$2,070,459. This is primarily attributable to a

decrease in special education and student and instruction related services.

Business-type Activities

At June 30, 2021, Business-Type Activities net position accounted for 3.2% of the District's total net position.

Business-Type Activities net position decreased \$25,024 from \$558,917 at June 30, 2020 to \$533,893 at June 30, 2021.

In FY 2021, Business-Type Activities revenues were \$6,455,220. Charges for Services and Operating Grants and Contributions for Business-Type Activities were \$6,455,204 in FY 2021 compared to \$11,133,044 in FY 2020, a 42.0% decrease, which is largely attributable to the Mercer Cooperative Transportation System program. The Mercer Cooperative Transportation System experienced a decline in operations due to remote instruction during the COVID-19 pandemic.

Expenses for Business-Type Activities were \$6,425,244 in FY 2021 compared to \$11,190,250 in FY 2020, a 42.6% decrease. The decrease was mainly related to a decrease 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, 2021, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues
Year Ended June 30, 2021

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease) Increase From 2020</u>	<u>Percent of (Decrease) Increase From 2020</u>
Local sources	\$ 36,270,704	84.1%	\$ (2,862,159)	-7.3%
State sources	6,382,663	14.8%	805,176	14.4%
Federal sources	462,987	1.1%	40,591	9.6%
Total	\$ 43,116,354	100.0%	\$ (2,016,392)	-4.5%

The decrease in local sources is mainly attributed to a decrease in tuition from LEAs. 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 EHDI and SCHS awards.

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the year ended June 30, 2021, and the amounts and percentage of increases and decreases in relation to prior year expenditures.

Expenditures
Year Ended June 30, 2021

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease) Increase From 2020</u>	<u>Percent (Decrease) Increase From 2020</u>
Current:				
Instruction	\$ 14,340,775	32.02%	\$ (1,730,850)	-10.8%
Support services	29,761,339	66.46%	371,777	1.3%
Capital outlay	665,772	1.49%	(82,404)	-11.0%
Debt service - capital leases	12,094	0.03%	(1)	0.0%
Total	\$ 44,779,980	100.0%	\$ (1,441,478)	-3.1%

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 decrease in capital outlay is mainly due to a decrease in capital equipment purchases in the current year.

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 2021 budget to meet the District’s needs. The final budgetary basis revenue estimate was \$39,163,473, which was \$442,375 less than the original budget estimate, attributed to lower enrollment for the extended school year program than initially estimated.

The District received \$6,235,277 in reimbursed TPAF Social Security Aid and TPAF Pension, Post-Retirement Medical and Non-contributory Insurance Contributions. These reimbursements are reflected as revenues and expenditures in the General Fund Budgetary Comparison Schedule and have no corresponding budget amounts.

The final budgetary basis appropriations totaled \$41,976,373, which was \$442,375 more than the original budget estimate, mainly due to the decrease in appropriations related to the extended school year program offset by appropriations carried over from the prior year related to construction services for the JFC roof project.

A schedule showing the District’s original and final budget compared with actual operating results is provided in Section C of the ACFR, 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 \$2,801,249 worse than what was budgeted in terms of revenues and \$3,952,256 better in terms of expenditures before the adjustment for \$6,235,277 of non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions and on-behalf TPAF post-retirement and non-contributory insurance contributions.

Capital Assets

At the end of fiscal years 2021 and 2020, the District had \$33,180,748 and \$33,922,547, 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 depreciation of depreciable assets for the year. The table below shows the net book value of governmental activities capital assets at the end of 2021 and 2020 fiscal years:

Capital Assets (Net of Depreciation)		
	<u>2021</u>	<u>2020</u>
Construction in Progress	\$ 1,047,766	\$ 642,811
Site Improvements	280,480	309,271
Buildings and Building Improvements	30,122,630	31,033,112
Machinery and Equipment	<u>1,729,872</u>	<u>1,937,353</u>
Total	<u>\$ 33,180,748</u>	<u>\$ 33,922,547</u>

During the current fiscal year, \$718,434 of capital assets were capitalized as additions, of which \$404,955 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, 2021 and 2020 in the amount of \$187,835 and \$210,379, respectively.

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

Debt Administration

At June 30, 2021, the District had \$18,799,737 of outstanding long-term liabilities. Of this amount, \$16,715,885 represents the District's net pension liability, and \$2,083,852 is for compensated absences. 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 2020-21 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 2021-22 budget was adopted on April 15, 2021. The District anticipates a slight increase in enrollment for the 2021-22 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.

The District is considering the effects of the COVID-19 pandemic on its future operations and CARES Act grant funding and believes it has funds available to meet its needs.

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 James A Fazzone, Interim 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.mcsssd.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, 2021.

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 8,025,158	\$ 379,876	\$ 8,405,034
Internal Balances	1,699,282	(1,699,282)	-
Accounts Receivable	373,656	1,657,929	2,031,585
Inventories		26,141	26,141
Capital Assets, Non-Depreciable	1,047,766		1,047,766
Capital Assets, Depreciable, Net	32,132,982	187,835	32,320,817
Total Assets	<u>43,278,844</u>	<u>552,499</u>	<u>43,831,343</u>
Deferred Outflow of Resources			
Pension deferrals	2,565,052		2,565,052
	<u>2,565,052</u>		<u>2,565,052</u>
Liabilities			
Accounts Payable	1,478,125	7,998	1,486,123
Accrued Liabilities	81,271		81,271
Unearned Revenue	981	10,608	11,589
Noncurrent Liabilities:			
Due Within One Year	161,136		161,136
Due Beyond One Year	1,922,716		1,922,716
Net Pension Liability	16,715,885		16,715,885
Total Liabilities	<u>20,360,114</u>	<u>18,606</u>	<u>20,378,720</u>
Deferred Inflow of Resources			
Pension deferrals	9,184,185		9,184,185
	<u>9,184,185</u>		<u>9,184,185</u>
Net Position			
Investment in Capital Assets	33,180,748	187,835	33,368,583
Restricted For:			
Capital reserve	4,757,988		4,757,988
Unemployment Reserve	210,644		210,644
Scholarships	7,698		7,698
Student Activities	17,736		17,736
Unrestricted (deficit)	(21,875,217)	346,058	(21,529,159)
Total Net Position	<u>\$ 16,299,597</u>	<u>\$ 533,893</u>	<u>\$ 16,833,490</u>

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Special Education	\$ 28,159,600	\$ 21,743,046	\$ 489		\$ (6,416,065)	\$	\$ (6,416,065)
School Sponsored/Other Instructional	1,465				(1,465)		(1,465)
Support Services:							
Student and Instruction Related Services	13,828,964	10,681,193	518,364		(2,629,407)		(2,629,407)
General Administrative Services	356,176				(356,176)		(356,176)
School Administrative Services	2,110,793				(2,110,793)		(2,110,793)
Central Administrative Services	1,130,855				(1,130,855)		(1,130,855)
Administrative Information Technology	695,520				(695,520)		(695,520)
Plant Operations and Maintenance	3,598,302		\$ 58,815		(3,539,487)		(3,539,487)
Pupil Transportation	28,611				(28,611)		(28,611)
Interest on long-term debt	603				(603)		(603)
Total Governmental Activities	49,910,889	32,424,239	518,853		(16,908,982)		(16,908,982)
Business-type Activities:							
Food Service	254,974	3,719	358,535		\$	\$ 107,280	107,280
Mercer Cooperative Transportation System	3,254,765	3,188,338			(66,427)		(66,427)
NJ State Regional Day School	332,066	336,630			4,564		4,564
Community Resources	32,812	30,844			(1,968)		(1,968)
Special Aides	2,529,054	2,529,054					
Clinic Parent	15,400	6,076			(9,324)		(9,324)
Chuck's Place	6,173	2,008			(4,165)		(4,165)
Total Business-type Activities	6,425,244	6,096,669	358,535		29,960		29,960
Total Primary Government	\$ 56,336,133	\$ 38,520,908	\$ 877,388	\$ 58,815	(16,908,982)	29,960	(16,879,022)
General Revenues:							
County appropriation/taxes					3,111,482		3,111,482
Nonresident Fees					118,800		118,800
State and Federal Sources					12,017,551		12,017,551
Interest Earnings					4,506	16	4,522
Miscellaneous					382,367		382,367
Transfers					55,000	(55,000)	-
Total General Revenues and Transfers					15,689,706	(54,984)	15,634,722
Change in net position					(1,219,276)	(25,024)	(1,244,300)
Net Position - July 1, (retroactively adjusted - see Note 17)					17,518,873	558,917	18,077,790
Net Position - Ending					16,299,597	\$ 533,893	\$ 16,833,490

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2021

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
Assets				
Cash and Cash Equivalents	\$ 7,999,724	\$ 25,434		\$ 8,025,158
Interfund Receivable	1,842,226			1,842,226
Accounts Receivable:				
State	52,056	45,164		97,220
Federal		15,514		15,514
Other	168,304	55,918	\$ 36,700	260,922
Total Assets	<u>\$ 10,062,310</u>	<u>\$ 142,030</u>	<u>\$ 36,700</u>	<u>\$ 10,241,040</u>
Liabilities and Fund Balances				
Liabilities:				
Interfund Payable		\$ 108,744	\$ 34,200	\$ 142,944
Accounts Payable	\$ 67,140	6,043	2,500	75,683
Payroll Deductions and Withholdings Payable	230,458			230,458
Unemployment Compensation Claims	24,945			24,945
Unearned Revenue		981		981
Other Liabilities	80,443	828		81,271
Total Liabilities	<u>402,986</u>	<u>116,596</u>	<u>36,700</u>	<u>556,282</u>
Fund Balances:				
Restricted for:				
Capital Reserve	4,757,988			4,757,988
Unemployment Compensation Reserve	210,644			210,644
Scholarships		7,698		7,698
Student Activities		17,736		17,736
Assigned to:				
Designated for Subsequent Years' Expenditures	900,000			900,000
Other Purposes	188,288			188,288
Unassigned	<u>3,602,404</u>			<u>3,602,404</u>
Total Fund Balances	<u>9,659,324</u>	<u>25,434</u>		<u>9,684,758</u>
Total Liabilities and Fund Balances	<u>\$ 10,062,310</u>	<u>\$ 142,030</u>	<u>\$ 36,700</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$60,522,266 and the accumulated depreciation is \$27,341,518 (See Note 4).	33,180,748
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(6,619,133)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(16,715,885)
Accrued pension contributions for the June 30, 2021 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.	(1,147,039)
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 5).	(2,083,852)
Net Position of Governmental Activities	<u>\$ 16,299,597</u>

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year ended June 30, 2021

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
Revenues:				
Local Sources:				
County Appropriation/Tax Levy	\$ 3,111,482			\$ 3,111,482
Tuition from Other Districts	29,095,555			29,095,555
Other Tuition	3,325,335			3,325,335
Non-Resident Fees	118,800			118,800
Interest	4,506			4,506
Miscellaneous	385,716	\$ 229,310	\$ 58,815	673,841
Total - Local Sources	36,041,394	229,310	58,815	36,329,519
State Sources	6,235,277	147,386		6,382,663
Federal Sources	320,830	142,157		462,987
Total Revenues	42,597,501	518,853	58,815	43,175,169
Expenditures:				
Current:				
Instruction:				
Special Education Instruction	14,339,064	489		14,339,553
School Sponsored/Other Instructional	1,222			1,222
Support Services:				
Student and Instruction Related Services	6,905,605	520,097		7,425,702
General Administration	281,295			281,295
School Administration	1,087,106			1,087,106
Central Services	623,105			623,105
Administrative Information Technology	493,729			493,729
Plant Operations and Maintenance	2,478,365			2,478,365
Pupil Transportation	27,056			27,056
Unallocated Benefits	11,109,704			11,109,704
On-behalf TPAF Benefits	6,235,277			6,235,277
Capital Outlay	665,772		58,815	724,587
Debt Service:				
Principal	11,491			11,491
Interest	603			603
Total Expenditures	44,259,394	520,586	58,815	44,838,795
Deficiency of revenues under expenditures	(1,661,893)	(1,733)	-	(1,663,626)
Other financing sources:				
Transfer in	55,000			55,000
Total other financing sources	55,000	-	-	55,000
Net change in fund balances	(1,606,893)	(1,733)	-	(1,608,626)
Fund Balance, July 1 (retroactively adjusted - see note 17)	11,266,217	27,167	-	11,293,384
Fund Balance, June 30	\$ 9,659,324	\$ 25,434	\$ -	\$ 9,684,758

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, 2021

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ (1,608,626)
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	\$ (1,460,233)	
Capital Asset Additions	718,434	(741,799)
<p>Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The amount represents the excess pension contributions recorded in the fund financial statements over the current year pension expense.</p>		
		1,386,715
<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>		
		(267,057)
<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>		
		11,491
Change in Net Position of Governmental Activities (A-2)		\$ (1,219,276)

Proprietary Funds

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 PROPRIETARY FUNDS

COMBINING STATEMENT OF NET POSITION

June 30, 2021

	Major Enterprise Funds							Totals
	Food Service Fund	Mercer Cooperative Transportation System	NJ State Regional Day School at Hamilton	Clinic Parent	Community Resources	Special Aides	Chuck's Place	
Assets								
Current Assets:								
Cash and Cash Equivalents	\$ 1,550	\$ 878,376		\$ 42,292	\$ 330,552	\$ 7,032	\$ 379,876	
Accounts Receivable:								
State	120,136						879,926	
Federal	5,185						120,136	
Other	25,030				1,291	651,391	657,867	
Inventories	151,901	878,376		42,292	331,843	1,111	26,141	
Total Current Assets							2,063,946	
Capital Assets								
Site Improvements			\$ 13,100				13,100	
Equipment	172,360	6,937	55,930		73,224	14,430	322,881	
Building and Building Improvements	(171,901)	(1,503)	298,823				298,823	
Accumulated Depreciation	459	5,434	(198,889)		(63,952)	(10,724)	(446,969)	
Total Capital Assets, Net	152,360	883,810	168,964	42,292	341,115	3,706	187,835	
Total Assets							2,251,781	
Liabilities								
Current:								
Interfund Payable	3,653	896,092	148,946			650,591	1,699,282	
Accounts Payable	10,608	1,528	5,400	270		800	7,998	
Unearned Revenue	14,261	897,620	154,346	270	-	651,391	10,608	
Total Current Liabilities							1,717,888	
Net Position								
Investment in Capital Assets	459	5,434	168,964		9,272	3,706	187,835	
Unrestricted (deficit)	137,640	(19,244)	(154,346)	42,022	331,843	8,143	346,058	
Total Net Position	\$ 138,099	\$ (13,810)	\$ 14,618	\$ 42,022	\$ 341,115	\$ 11,849	\$ 533,893	

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, 2021

	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	
Operating Revenues:								
Local Sources:								
Daily Sales - Reimbursable Programs	3,719							
Daily Sales - Non-Reimbursable Programs		3,188,338			6,076	30,844	2,529,054	2,008
Special event income								
Transportation Fees								
Miscellaneous								
Tuition			336,630					
Total Operating Revenues	3,719	3,188,338	336,630		6,076	30,844	2,529,054	2,008
Operating Expenses:								
Salaries and Benefits	127,771	200,412	249,138		15,400	25,204	2,529,054	
Purchased Professional/Technical Services		37,933						532
Cleaning, Repair and Maintenance								
Contracted Services		3,008,869				2,180		
Other Purchased Services	55,253		14,327					
Insurance	1,774		3,500					
Miscellaneous Purchased Services	1,381							
Supplies and Materials	2,402	2,293	15,373				4,733	
Energy	28		32,753					
Telephone/Communications/Postage	2,128	241	2,172			20		
Travel						114		
Cost of Sales - Program	59,526	3,630						59,526
Miscellaneous	20							4,085
Other	4,104							4,104
Depreciation	587	1,387	14,803			5,294		473
Total Operating Expenses	254,974	3,254,765	332,066		15,400	32,812	2,529,054	6,173
Operating (Loss) Income	(251,255)	(66,427)	4,564		(9,324)	(1,968)	-	(4,165)
Nonoperating Revenues:								
Local Sources:								
Interest on Investments	16							
State Sources:								
State School Lunch Program	7,619							
Federal Sources:								
National School Lunch Program	165,089							
School Breakfast Program	103,019							
COVID-19 Pandemic Electronic Benefit Transfer	614							
COVID-19 Emergency Operational Cost Program-Schools	58,216							
Food Donation Program	23,978							
Total Nonoperating Revenues	358,551							
(Loss) Income Before Transfers	107,296	(66,427)	4,564		(9,324)	(1,968)	-	(4,165)
Transfers in								
Transfers Out	(55,000)				37,392			
	(55,000)				(37,392)			
Change in Net Position	52,296	(66,427)	4,564		28,068	(1,968)	-	(4,165)
Total Net Position- Beginning	85,803	52,617	10,054		13,954	343,083	-	16,014
Total Net Position (Deficit) - Ending	138,099	(13,810)	14,618		42,022	341,115	-	11,849

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, 2021

	Major Enterprise Funds										Total
	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			
Cash Flows From Operating Activities:											
Receipts from Customers	\$ 3,719	\$ 3,943,040	\$ 336,630	\$ -	\$ 6,076	\$ 30,887	\$ 2,914,513	\$ 2,008	\$ -	\$ 7,236,873	
Payments to Employees	(96,530)	(140,898)	(214,368)		(15,130)	(23,704)	(1,821,507)			(2,312,137)	
Payments for Employee Benefits	(31,241)	(59,514)	(34,770)			(1,500)	(707,547)			(834,572)	
Payments to Suppliers	(127,033)	(4,362,990)	(63,411)			(2,314)	800			(4,559,975)	
Net Cash (Used In) / Provided By Operating Activities	(251,085)	(620,362)	24,081	-	(9,054)	3,369	386,259	(3,019)		(469,811)	
Cash Flows From Noncapital Financing Activities:											
Cash Received From State and Federal Reimbursements	259,282									259,282	
Transfer out	(51,347)									(88,739)	
Advances from other funds		620,362	(24,081)	(37,392)	37,392		(386,259)			247,414	
Net Cash Provided By / (Used In) Noncapital Financing Activities	207,935	620,362	(24,081)	(37,392)	37,392		(386,259)			417,957	
Cash Flows From Investing Activity-											
Interest Income	16									16	
Net Cash Provided By Investing Activities	16									16	
Net (Decrease) Increase in Cash and Cash Equivalents	(43,134)	-	-	(37,392)	28,338	3,369	-	(3,019)		(51,838)	
Cash and Cash Equivalents, Beginning of Year	43,134	-	-	37,392	13,954	327,183	-	10,051		431,714	
Cash and Cash Equivalents, End of Year	-	-	-	-	42,292	330,552	-	7,032		379,876	
Reconciliation of Operating (Loss) Income To Net Cash (Used In) / Provided By Operating Activities:											
Operating (Loss) Income	(251,255)	(66,427)	4,564	-	(9,324)	(1,968)	-	(4,165)		(328,575)	
Adjustments To Reconcile Operating (Loss) Income To Net Cash (Used In) / Provided By Operating Activities:											
Depreciation	587	1,387	14,803			5,294		473		22,544	
Changes in Assets and Liabilities:											
(Increase) Decrease in Accounts Receivable	(5,009)	754,702				43	385,459	673		1,135,868	
Decrease in Inventory	4,592									4,592	
(Decrease) Increase in Accounts Payable		(1,310,024)	4,714		270		800			(1,304,240)	
Net Cash (Used In) / Provided By Operating Activities	(251,085)	(620,362)	24,081	-	(9,054)	3,369	386,259	(3,019)		(469,811)	

Noncash Noncapital Financing Activities

The District received \$28,625 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2021.

Mercer County Special Services School District

Notes to the Basic Financial Statements

Year ended June 30, 2021

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, 2021 of 530 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, 2021

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 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 and proprietary funds. 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 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, 2021

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, 2021

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. This fund ceased operations during FY2021.

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.

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. There are no pensionable employees in the enterprise funds and as such the General Fund is responsible for all pension contribution expenditures. 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.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

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.

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.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

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, 2021 which have not been recorded, are not determinable.

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

Inventories, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expense during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market using the first-in, first-out (FIFO) and purchase method. At June 30, 2021, the unused U.S.D.A. Food Donation Program Commodities of \$10,608 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.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

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

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, 2021, a liability existed for compensated absences in the government-wide financial statements in the amount of \$2,083,852 and no liability existed for compensated absences in the proprietary fund types.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

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, 2021.

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. 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*, 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.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

- Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
 - 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
 - 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. 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 \$9,659,324 of fund balance in the General Fund, \$188,288 of encumbrances is assigned to other purposes, \$4,757,988 has been restricted in the capital reserve account, \$210,644 has been restricted in the unemployment compensation reserve, \$900,000 has been classified as assigned fund balance designated for subsequent year expenditures, and the remaining \$3,602,404 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

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

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.

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 \$1,695,121 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. 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 June 15, 2021. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2020. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 91, *Conduit Debt Obligations* in May 2019. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. The requirements of this Statement are effective for periods beginning after December 15, 2021. Management has not determined the impact of the Statement on the financial statements.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

1. Summary of Significant Accounting Policies (continued)

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. 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, 2021 through February 7, 2022, the date that the financial statements were issued for possible disclosure and recognition in the financial statements.

As of June 30, 2021, District operations and the ways in which education is provided have been disrupted by the outbreak of the novel coronavirus COVID-19. Going forward, COVID-19 could further limit the District's operations, including unexpected deferrals of tax payments from the County, delayed payments or reduction in tuition from sending Districts, or an increase in expenses associated with this or any other potential infectious disease outbreak. District management cannot reasonably predict how long the Pandemic in New Jersey is expected to last and how the outbreak may impact the financial condition or operations of the District. District management continues to monitor the Pandemic and plans to take action to address any significant impact on future operations.

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 are not due and payable in the current period and therefore are not reported in the funds. As of June 30, 2021, the net adjustment of \$2,083,852 to reduce fund balance – total governmental funds to arrive at net position – governmental activities is all related to compensated absences.

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

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

3. Deposits and Investments (continued)

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 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

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

3. Deposits and Investments (continued)

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, 2021, the District's carrying amount of deposits was \$2,534,620 and the bank balance was \$3,561,358. Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2021 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act. (GUDPA) covered the bank balance of \$3,036,063. \$275,295 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), 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.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

3. Deposits and Investments (continued)

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, 2021, 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, 2021, other than in the New Jersey Cash Management Fund.

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, 2021, the District’s balance was \$5,870,414 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, 2021

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2021:

	Beginning Balance	Increases	Ending Balance
Governmental activities:			
Capital assets, not being depreciated:			
Construction in progress	\$ 642,811	\$ 404,955	\$ 1,047,766
Total capital assets, not being depreciated	642,811	404,955	1,047,766
Capital assets, being depreciated:			
Site improvements	788,841		788,841
Buildings & building improvements	55,075,127	271,469	55,346,596
Machinery and equipment	3,297,053	42,010	3,339,063
Total capital assets, being depreciated	59,161,021	313,479	59,474,500
Less accumulated depreciation for:			
Site improvements	(479,570)	(28,791)	(508,361)
Buildings & building improvements	(24,042,015)	(1,181,951)	(25,223,966)
Machinery and equipment	(1,359,700)	(249,491)	(1,609,191)
Total accumulated depreciation	(25,881,285)	(1,460,233)	(27,341,518)
Total capital assets, being depreciated, net	33,279,736	(1,146,754)	32,132,982
Governmental activities capital assets, net	\$33,922,547	\$ (741,799)	\$33,180,748

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

Special education instruction	\$ 782,561
Other instructional program	67
Student and instruction related services	405,247
School administrative services	59,327
General administrative services	15,351
Central services	34,005
Administrative information technology	26,945
Plant operations and maintenance	135,253
Pupil transportation	1,477
	\$ 1,460,233

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

4. Capital Assets (continued)

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2021:

	Beginning Balance	Increases	Reductions/ Transfers	Ending Balance
Business-type activities:				
Capital assets being depreciated:				
Site Improvements	\$ 13,100			\$ 13,100
Equipment	333,281		\$ (10,400)	322,881
Building and Building Improvements	298,823			298,823
Less accumulated depreciation	<u>(434,825)</u>	<u>\$ (22,544)</u>	<u>10,400</u>	<u>(446,969)</u>
Total business-type activities				
Capital assets, net	<u>\$ 210,379</u>	<u>\$ (22,544)</u>	<u>\$ -</u>	<u>\$ 187,835</u>

5. Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences payable	\$ 1,816,795	\$ 331,759	\$ 64,702	\$ 2,083,852	\$ 161,136
Capital leases	11,491		11,491	-	
Subtotal	1,828,286	331,759	76,193	2,083,852	161,136
Net pension liability	19,501,217		2,785,332	16,715,885	
Total governmental activities					
long-term liabilities	<u>\$21,329,503</u>	<u>\$ 331,759</u>	<u>\$ 2,861,525</u>	<u>\$18,799,737</u>	<u>\$ 161,136</u>

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

Bonds Payable and Bonds Authorized but Not Issued

As of June 30, 2021, the District had no bonds payable and no authorized but not issued bonds.

Capital Leases

The District has a commitment to lease a Ford truck under capital leases that expired in fiscal year 2021. These items are included in machinery and equipment in the District's capital assets.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

5. Long-Term Liabilities (continued)

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, 2021 were \$12,094 which represented the final payment on the lease.

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. District employees employed by the Enterprise Funds are not eligible for pension benefits. Employees in the Food Service Enterprise Fund are employees of the Food Service Management Company and therefore not eligible for pension benefits. Employees of the remaining Enterprise Funds are either part-time or stipend employees and are therefore not eligible for pension benefits.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contribution rates for TPAF and PERS are 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 District is a non-contributing employer of the TPAF.

During the year ended June 30, 2021, the State of New Jersey contributed \$5,152,432 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 \$1,082,845 during the year ended June 30, 2021 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2021, 2020 and 2019 were \$1,121,355, \$1,052,754, and \$1,129,578, 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, 2021, the District reported a liability of \$16,715,885 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.1025050000 percent, which was a decrease of .0057239623 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized full accrual pension expense of \$(265,360) in the government-wide financial statements. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 304,369	\$ 59,115
Changes of assumptions	542,282	6,999,099
Net difference between projected and actual earnings on pension plan investments	571,362	
Changes in proportion and differences between District contributions and proportionate share of contributions		2,125,971
District contributions subsequent to the measurement date	1,147,039	
	<u>\$ 2,565,052</u>	<u>\$ 9,184,185</u>

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

\$1,147,039 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date.

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

Year ended June 30:

2022	\$ (2,824,780)
2023	(2,566,672)
2024	(1,580,256)
2025	(668,500)
2026	(125,964)
	<u>\$ (7,766,172)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00 - 6.00%
	based on years of service
Thereafter	3.00 - 7.00%
	based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2020, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 21,042,511	\$ 16,715,885	\$ 13,044,625

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, 2020 are as follows:

Collective deferred outflows of resources	\$ 2,347,583,337
Collective deferred inflows of resources	\$ 7,849,949,467
Collective net pension liability	\$ 16,435,616,426
District's Proportion	0.1025050000%

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 is \$407,705,399.

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, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.16, 5.21, 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, 2020 was \$90,319,163. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1371614482 percent, which was a decrease of 0.0010047470 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$1,695,121 for contributions incurred by the State.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

Actuarial assumptions

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	1.55 - 4.45%
	based on years of service
Thereafter	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

6. Pension Plans (continued)

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 TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	<u>3.00%</u>	3.40%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, 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, 2021

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, 2020 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, 4.40 percent, or 1-percentage-point higher, 6.40 percent, than the current rate:

	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's proportionate share of the net pension liability associated with the District	\$ 106,090,435	\$ 90,319,163	\$ 77,223,769

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, 2020 are as follows:

Deferred outflows of resources	\$ 9,589,140,982
Deferred inflows of resources	\$ 14,409,361,877
Net pension liability	\$ 65,848,796,740

State's proportionate share associated with the District	0.1371614482%
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Collective pension expense of the Local Group for the plan for the measurement period ended June 30, 2020 is \$4,114,319,534.

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, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 is 7.99, 8.04, 8.29, 8.30, 8.30, 8.30, and 8.50 years, respectively.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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.

Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2020, the State paid PRM benefits for 143,053 State and local retirees. The total nonemployer OPEB liability does not include certain other postemployment obligations that are provided by the local education employers.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

7. Post-Retirement Benefits (continued)

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, 2021, 2020 and 2019 were \$1,228,877, \$1,136,094, and \$1,258,408, 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 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have decreased from with Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including new Medicare Advantage contracts. The State has appropriated \$1.775 billion in Fiscal Year 2021 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. The Fiscal Year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76.0 billion liability recorded in Fiscal Year 2019.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Total OPEB Liability

The total non-employer (State) OPEB liability from New Jersey's plan is \$67,809,962,608.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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, 2021:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2019	\$ 84,698,718
Changes for the year:	
Service cost	2,653,631
Interest	3,016,982
Differences between expected and actual experiences	24,558,721
Changes in assumptions or other inputs	25,165,436
Member contributions	72,696
Benefit payments	<u>(2,398,423)</u>
Net changes	<u>53,069,043</u>
Ending Total OPEB Liability, June 30, 2020	<u>\$ 137,767,761</u>

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2020</u>
Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	366,108

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, 2021 was \$137,767,761. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

7. Post-Retirement Benefits (continued)

Actuarial assumptions and other inputs

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020 and included in the June 30, 2020 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPAF	PERS
Inflation rate:	2.50%	2.50%
Salary increases:		
Through 2026	1.55 - 4.45%	2.00-6.00%
	based on years of service	based on years of service
Thereafter	1.55 - 4.45%	3.00-7.00%
	based on years of service	based on years of service

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the actual experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

7. Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2020 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (1.21 %) or 1-percentage-point higher (3.21%) than the current rate:

	At 1% decrease <u>(1.21%)</u>	At current discount rate <u>(2.21%)</u>	At 1% increase <u>(3.21%)</u>
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 166,086,147	\$ 137,767,761	\$ 115,625,511

The following represents sensitivity of the Total Nonemployer OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2020 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% decrease <u></u>	At Healthcare Cost Trend Rates <u></u>	At 1% increase <u></u>
Total OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 111,210,783	\$ 137,767,761	\$ 169,391,220

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

7. Post-Retirement Benefits (continued)

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

For the year ended June 30, 2021, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$4,995,200 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2020 are as follows:

Deferred outflow of resources	\$	24,023,298,802
Deferred inflow of resources	\$	19,101,933,244
Collective OPEB expense	\$	3,337,755,596

District's Proportion		0.20%
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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 Annual Comprehensive 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, 2021

8. Risk Management (continued)

The District's withholdings are recorded in the Unemployment Compensation Reserve in the general fund.

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 compensation reserve for the past three years:

Fiscal Year	Employee Contributions	Federal Contributions	Interest on Investments	Amount Paid or Accrued	Ending Balance
2020-21	\$ 40,148	\$ -	\$ 27	\$ 25,017	\$ 210,644
2019-20	48,466	20,392	664	39,111	195,486
2018-19	47,326		956	74,731	165,075

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
- Educator's Legal Liability
- Environmental / 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.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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.

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 Financial Statements.

The plan members' contributions to the deferred compensation plans for the years ended June 30, 2021, 2020 and 2019 were \$915,292, \$1,028,143, and \$1,130,944, 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, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,842,226	
Special Revenue Fund		\$ 108,744
Capital Projects Fund		34,200
Food Service Enterprise Fund		3,653
Regional Day School Enterprise Fund		148,946
Special Aides Enterprise Fund		650,591
Cooperative Transportation Enterprise Fund		896,092
	<u>\$ 1,842,226</u>	<u>\$ 1,842,226</u>

The interfund receivable of \$1,842,226 in the General Fund is offset with an interfund payable in the Special Revenue Fund for \$108,744, the Capital Projects Fund for \$34,200, the Food Service Fund for \$3,653, the Regional Day School Enterprise Fund for \$148,946, the Special Aides Enterprise Fund for \$650,591, and the Cooperative Transportation Enterprise Fund for \$896,092, 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.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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.

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, 2021 may be impaired. As a result of the impact of COVID-19, the District has received funding under the Elementary and Secondary School Emergency Relief (ESSER) Fund. To the extent that the District has not complied with the rules and regulations governing the ESSER, money may be required to be returned. In the opinion of the District's management, there are no significant contingent liabilities relating to compliance with rules and regulations or final eligible cost requirements governing the respective grant 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.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

13. Capital Reserve Account (continued)

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$	5,005,565
Decreased by:		
Appropriated 20-21 capital projects		(250,000)
Increased by:		
Interest earnings		2,423
Ending balance, June 30, 2021	\$	<u>4,757,988</u>

Of the balance of \$4,757,988 at June 30, 2021, \$250,000 has been appropriated in the 2021-2022 approved budget. At June 30, 2021, the amount deposited in the capital reserve account does not exceed the District's local share reported in its Long-Range Facility Plan. The District has contractual commitments at June 30, 2021 to various vendors, which are recorded in the General Fund as fund balance assigned to other purposes in the amount of \$188,288.

14. 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.

15. Transfer-Reconciliation

The following represents a reconciliation of transfers made during the 2021 fiscal year:

Fund	In	Out
General Fund	\$ 55,000	
Food Service Enterprise Fund		\$ 55,000
Integrated Preschool Enterprise Fund		37,392
Clinic Parent Enterprise Fund	37,392	
	<u>\$ 92,392</u>	<u>\$ 92,392</u>

The transfer from the General Fund to the Food Service Enterprise Fund was to fund deficits in the fund. The transfer from Integrated Preschool Enterprise Fund to the Clinic Parent Enterprise Fund was to transfer the remaining fund balance as the Integrated Preschool program ceased operation.

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

16. Liquidity, Management Plans and Intentions

Due to the COVID-19 Pandemic, the District closed its schools on March 16, 2020 and continued to provide online instruction to its students through the end of the school year. The Pandemic did not have a significant impact on the financial statements of the District for the year ended June 30, 2021. Management has taken steps to reduce certain expenses related to operating the District and also plans to utilize existing funds to balance its budget for the 2021-22 fiscal year, if needed. Management believes that the unassigned fund balance available as of June 30, 2021 and the anticipated revenues will be sufficient to meet the District's financial needs for one year from the date of the issuance of this report.

17. Change in Accounting Principle / Retroactive Adjustments

Effective in the fiscal year ended June 30, 2021, the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As part of this implementation, the activity in the Unemployment Compensation Insurance Trust fund which had previously been reported in the Fiduciary Funds is now reported in the General fund. In addition, the Student Activities Fund is now reported in the Special Revenue Fund. The implementation of the Statement required a retroactive adjustments of prior year net position in the government-wide financial statements and fund balance in the general fund and special revenue fund statement of revenues, expenditures and changes in fund balance.

Government-wide financial statements:

Beginning Net Position - July 1, 2020	<u>\$ 17,296,220</u>
Retroactive Adjustments for:	
Reserve for Unemployment Compensation	195,486
Reserve for Scholarships	6,454
Reserve for Student Activities	<u>20,713</u>
	<u>222,653</u>
Beginning Net Position - July 1, 2020 (as retroactively adjusted)	<u>\$ 17,518,873</u>

Mercer County Special Services School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

17. Change in Accounting Principle / Retroactive Adjustments (continued)

Governmental Fund financial statements:

Beginning Fund Balance - July 1, 2020	<u>\$ 11,070,731</u>
Retroactive Adjustments for:	
Reserve for Unemployment Compensation	195,486
Reserve for Scholarships	6,454
Reserve for Student Activities	<u>20,713</u>
	<u>222,653</u>
Beginning Fund Balance - July 1, 2020 (as retroactively adjusted)	<u>\$ 11,293,384</u>

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 Employees' Retirement System
 Last Ten Fiscal Years

	Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - Local Group	0.1025050000%	0.1082289623%	0.1135623000%	0.1159694392%	0.1171888494%	0.1180391368%	0.117980087%	0.1186931975%	n/a	n/a
District's proportionate share of the net pension liability (asset)	\$ 16,715,885	\$ 19,501,217	\$ 22,359,851	\$ 26,995,832	\$ 34,707,976	\$ 26,497,421	\$ 22,089,103	\$ 22,684,628	n/a	n/a
District's covered-employee payroll	\$ 7,089,650	\$ 7,392,879	\$ 7,748,061	\$ 7,885,994	\$ 7,945,602	\$ 7,926,175	\$ 7,907,079	\$ 8,012,451	\$ 8,033,594	\$ 8,065,127
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	235.78%	263.78%	288.59%	342.33%	436.82%	334.30%	279.36%	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability - Local Group	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	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 Employees Retirement System

Last Ten Fiscal Years

	Year Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,121,355	\$ 1,052,754	\$ 1,129,578	\$ 1,085,322	\$ 1,041,089	\$ 1,014,820	\$ 961,925	\$ 894,329	\$ 900,516	\$ 1,014,658
Contributions in relation to the contractually required contribution	(1,121,355)	(1,052,754)	(1,129,578)	(1,085,322)	(1,041,089)	(1,014,820)	(961,925)	(894,329)	(900,516)	(1,014,658)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,895,093	\$ 7,089,650	\$ 7,392,879	\$ 7,748,061	\$ 7,885,994	\$ 7,945,602	\$ 7,926,175	\$ 7,907,079	\$ 8,012,451	\$ 8,033,594
Contributions as a percentage of covered-employee payroll	16.26%	14.85%	15.28%	14.01%	13.20%	12.77%	12.14%	12.17%	11.16%	11.21%

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

	Year Ended June 30,					
	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.1544821417%	0.1503928033%	0.1503884484%	0.1391269406%	0.1381661952%	0.1371614482%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 97,639,310	\$ 118,308,555	\$ 101,397,315	\$ 88,509,571	\$ 84,793,898	\$ 90,319,163
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 97,639,310</u>	<u>\$ 118,308,555</u>	<u>\$ 101,397,315</u>	<u>\$ 88,509,571</u>	<u>\$ 84,793,898</u>	<u>\$ 90,319,163</u>
Plan fiduciary net position as a percentage of the total pension liability	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

Last Ten Fiscal Years*

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,				
	2021	2020	2019	2018	2017
State's proportion of the net OPEB liability (asset) associated with the District	0.00%	0.20%	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	\$ 137,767,761	\$ 84,698,718	\$ 95,981,336	\$ 115,412,079	\$ 124,776,914
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 137,767,761</u>	<u>\$ 84,698,718</u>	<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%	0.00%	0.00%
Total OPEB Liability	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017 **</u>
Service cost	\$ 2,653,631	\$ 2,755,244	\$ 3,345,522	\$ 4,016,607	
Interest cost	3,016,982	3,772,750	4,207,559	3,634,183	
Differences between expected and actual experiences	24,558,721	(16,550,550)	(13,491,681)	-	
Changes of assumptions	25,165,436	1,262,865	(11,014,339)	(14,440,870)	
Member contributions	72,696	77,071	88,703	98,434	
Gross benefit payments	<u>(2,398,423)</u>	<u>(2,599,998)</u>	<u>(2,566,507)</u>	<u>(2,673,189)</u>	
Net change in total OPEB liability	53,069,043	(11,282,618)	(19,430,743)	(9,364,835)	
Total OPEB liability - beginning	<u>84,698,718</u>	<u>95,981,336</u>	<u>115,412,079</u>	<u>124,776,914</u>	
Total OPEB liability - ending	<u>\$ 137,767,761</u>	<u>\$ 84,698,718</u>	<u>\$ 95,981,336</u>	<u>\$ 115,412,079</u>	
Covered-employee payroll	<u>\$ 22,121,368</u>	<u>\$ 21,719,259</u>	<u>\$ 22,503,208</u>	<u>\$ 22,581,804</u>	
Total OPEB liability as a percentage of covered-employee payroll	622.78%	389.97%	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, 2021

PUBLIC EMPLOYEES' RETIREMENT SYSTEM - PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

TEACHERS PENSION AND ANNUITY FUND - PENSION

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.60 as of June 30, 2019 to 5.40% as of June 30, 2020.

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 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

Required Supplementary Information
Part III

Budgetary Comparison Schedules

Mercer County Special Services School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
County Tax Levy	\$ 3,111,482		\$ 3,111,482	\$ 3,111,482	
Tuition from other LEAs within the State	32,071,791		32,071,791	29,095,555	\$ 2,976,236
Tuition from other sources	3,557,975	\$ (442,375)	3,115,600	3,325,335	(209,735)
Non-Resident Fees	85,000		85,000	118,800	(33,800)
Interest Earned on Capital Reserve Funds	15,000		15,000	2,083	12,917
Interest Earned - Other				2,423	(2,423)
Unemployment - Contributions				15,158	(15,158)
Unrestricted Miscellaneous Revenues	414,600		414,600	370,558	44,042
Total - Local Sources	<u>39,255,848</u>	<u>(442,375)</u>	<u>38,813,473</u>	<u>36,041,394</u>	<u>2,772,079</u>
State Sources:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				3,921,309	3,921,309
TPAF Post Retirement Medical				1,228,877	1,228,877
TPAF Non-contributory Insurance (On-Behalf, Non-Budgeted)				2,246	2,246
Reimbursed TPAF Social Security				1,082,845	1,082,845
Total State Sources				<u>6,235,277</u>	<u>6,235,277</u>
Federal Sources:					
Medical Assistance Program	350,000		350,000	320,830	(29,170)
Total - Federal Sources	<u>350,000</u>		<u>350,000</u>	<u>320,830</u>	<u>(29,170)</u>
Total Revenues	<u>39,605,848</u>	<u>(442,375)</u>	<u>39,163,473</u>	<u>42,597,501</u>	<u>3,434,028</u>
EXPENDITURES:					
SPECIAL EDUCATION - INSTRUCTION					
Behavioral Disabilities					
Salaries of Teachers	609,154	31,506	640,660	602,971	37,689
Other Salaries for Instruction	256,310	32,560	288,870	247,382	41,488
Other Purchased Services	10,000		10,000		10,000
General Supplies	26,250		26,250	8,670	17,580
Other Objects	3,700		3,700	70	3,630
Total Behavioral Disabilities	<u>905,414</u>	<u>64,066</u>	<u>969,480</u>	<u>859,093</u>	<u>110,387</u>
Multiple Disabilities					
Salaries of Teachers	3,787,676	167,689	3,955,365	3,913,438	41,927
Other Salaries for Instruction	1,421,108	385,323	1,806,431	1,560,865	245,566
Other Purchased Services	68,900		68,900	41,217	27,683
General Supplies	127,701	(3,807)	123,894	67,356	56,538
Textbooks	700		700		700
Other Objects	6,150	662	6,812	244	6,568
Total Multiple Disabilities	<u>5,412,235</u>	<u>549,867</u>	<u>5,962,102</u>	<u>5,583,120</u>	<u>378,982</u>
Autism					
Salaries of Teachers	3,224,873	(238,294)	2,986,579	2,921,380	65,199
Other Salaries for Instruction	2,277,115	(436,925)	1,840,190	1,463,719	376,471
General Supplies	31,010	2,000	33,010	12,126	20,884
Other Objects	2,750		2,750	135	2,615
Total Autism	<u>5,535,748</u>	<u>(673,219)</u>	<u>4,862,529</u>	<u>4,397,360</u>	<u>465,169</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	150,995	19,819	170,814	169,918	896
Other Salaries for Instruction	119,556	35,192	154,748	150,319	4,429
General Supplies	6,056	(150)	5,906	4,351	1,555
Other Objects	300		300		300
Total Preschool Disabilities - Full-Time	<u>276,907</u>	<u>54,861</u>	<u>331,768</u>	<u>324,588</u>	<u>6,880</u>

Mercer County Special Services School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Extended School Year					
Salaries of Teachers	\$ 1,755,000	\$ (12,395)	\$ 1,742,605	\$ 1,742,605	
Salaries of Supervisors of Instruction	150,000	(22,017)	127,983	127,983	
Other Salaries for Instruction	632,975	(329,072)	303,903	303,903	
Other Purchased Services	220,000	(220,000)			
Total Extended School Year	<u>2,757,975</u>	<u>(583,484)</u>	<u>2,174,491</u>	<u>2,174,491</u>	
Cognitive-Severe					
Salaries of Teachers	592,206	19,430	611,636	575,472	\$ 36,164
Other Salaries for Instruction	492,294	(16,150)	476,144	421,576	54,568
General Supplies	13,830		13,830	3,364	10,466
Other Objects	1,050		1,050		1,050
Total Cognitive Severe	<u>1,099,380</u>	<u>3,280</u>	<u>1,102,660</u>	<u>1,000,412</u>	<u>102,248</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>15,987,659</u>	<u>(584,629)</u>	<u>15,403,030</u>	<u>14,339,064</u>	<u>1,063,966</u>
School-Spon. Athletics					
Other Objects	2,000		2,000		2,000
Total School-Spon. Athletics	<u>2,000</u>		<u>2,000</u>		<u>2,000</u>
Other Instructional Programs - Instruction					
Salaries	38,000		38,000	196	37,804
Supplies and Materials	18,600		18,600	1,026	17,574
Total Instructional Programs - Instruction	<u>56,600</u>		<u>56,600</u>	<u>1,222</u>	<u>55,378</u>
TOTAL INSTRUCTION	<u>16,046,259</u>	<u>(584,629)</u>	<u>15,461,630</u>	<u>14,340,286</u>	<u>1,121,344</u>
Undist. Expend. - Health Services					
Salaries	602,763		602,763	598,156	4,607
Purchased Professional and Technical Services	67,150		67,150	55,810	11,340
Other Purchased Services	1,570	(8)	1,562	1,542	20
Supplies and Materials	24,750	(7,500)	17,250	1,968	15,282
Total Undistributed Expenditures - Health Services	<u>696,233</u>	<u>(7,508)</u>	<u>688,725</u>	<u>657,476</u>	<u>31,249</u>
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries	4,648,602	(174,617)	4,473,985	4,379,543	94,442
Purchased Professional - Educational Services	200,000	182,152	382,152	249,194	132,958
Supplies and Materials	25,418	1,406	26,824	7,571	19,253
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	<u>4,874,020</u>	<u>8,941</u>	<u>4,882,961</u>	<u>4,636,308</u>	<u>246,653</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	1,184,270		1,184,270	1,087,129	97,141
Supplies and Materials	1,800		1,800	614	1,186
Total Undist. Expend. - Child Study Teams	<u>1,186,070</u>		<u>1,186,070</u>	<u>1,087,743</u>	<u>98,327</u>
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	337,027	(23,400)	313,627	191,275	122,352
Salaries of Other Professional Staff	2,500		2,500		2,500
Salaries of Secretarial and Clerical Assistants	146,856	15,400	162,256	142,839	19,417
Other Purchased Services	27,050		27,050	25,168	1,882
Supplies and Materials	5,500		5,500	1,391	4,109
Other Objects	3,500		3,500	250	3,250
Total Undist. Expend. - Improvement of Inst. Serv.	<u>522,433</u>	<u>(8,000)</u>	<u>514,433</u>	<u>360,923</u>	<u>153,510</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	137,641	50	137,691	137,687	
Supplies and Materials	5,400	(50)	5,350	2,142	3,208
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>143,041</u>		<u>143,041</u>	<u>139,829</u>	<u>3,208</u>
Undist. Expend. - Instructional Staff Training Serv.					
Other Salaries	500		500		500
Other Purchased Prof. and Tech. Services	15,000		15,000	12,749	2,251
Other Purchased Services	22,000	(13,309)	8,691	8,328	363
Supplies and Materials	8,500		8,500	2,249	6,251
Total Undist. Expend. - Instructional Staff Training Serv.	<u>46,000</u>	<u>(13,309)</u>	<u>32,691</u>	<u>23,326</u>	<u>9,365</u>

Mercer County Special Services School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	\$ 62,100	\$ 6,340	\$ 68,440	\$ 64,876	\$ 3,564
Legal Services	72,500	(8,964)	63,536	42,310	21,226
Audit Fees	65,000	(100)	64,900	64,900	
Architectural/Engineering Services	5,000	6,450	11,450	5,725	5,725
Purchased Technical Services	5,000	(226)	4,774	4,240	534
Communications/Telephone	45,759	14,611	60,370	58,234	2,136
Board of Education Other Purchased Services	2,000	(2,000)			
Miscellaneous Purchased Services	34,100	(2,380)	31,720	31,569	151
General Supplies	2,500	(1,485)	1,015	880	135
Miscellaneous Expenditures	3,000		3,000	2,440	560
Board of Education Dues and Fees	7,500	(1,275)	6,225	6,121	104
Total Undist. Expend. - Supp. Serv. - General Admin.	304,459	10,971	315,430	281,295	34,135
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	379,203		379,203	328,689	50,514
Salaries - Other Professional Staff	426,747	(7,535)	419,212	398,698	20,514
Salaries of Secretarial and Clerical Assistants	349,757		349,757	318,571	31,186
Other Salaries	5,000		5,000	5,000	
Other Purchased Services	37,900	(2,804)	35,096	21,115	13,981
Supplies and Materials	27,471		27,471	9,214	18,257
Other Objects	7,500		7,500	5,819	1,681
Total Undist. Expend. - Support Serv. - School Admin.	1,233,578	(10,339)	1,223,239	1,087,106	136,133
Undist. Expend. - Central Services					
Salaries	593,861	(17,500)	576,361	516,286	60,075
Purchased Technical Services	71,488	(7,816)	63,672	61,939	1,733
Misc Purchased Services	23,900	10,201	34,101	22,490	11,611
Supplies and Materials	7,000	845	7,845	7,345	500
Interest on Current Loans	1,200		1,200	604	596
Miscellaneous Expenditures	12,000	4,150	16,150	14,441	1,709
Total Undist. Expend. - Central Services	709,449	(10,120)	699,329	623,105	76,224
Undist. Expend. - Technology Admin.					
Salaries	254,778		254,778	190,547	64,231
Purchased Professional Services	5,042		5,042	1,722	3,320
Other Purchased Services	750		750		750
Supplies and Materials	139,260	10,000	149,260	148,392	868
Other Objects	155,241	38	155,279	153,068	2,211
Total Undist. Expend. - Technology Admin.	555,071	10,038	565,109	493,729	71,380
Undist. Expend. - Required Maint. for Sch. Facil.					
Cleaning, Repair and Maintenance Services	85,328	10,515	95,843	88,900	6,943
Lead Testing of Drinking Water	5,000		5,000		5,000
Total Undist. Expend. - Required Maint. for Sch. Facil.	90,328	10,515	100,843	88,900	11,943
Undist. Expend. - Custodial Services					
Salaries	1,128,572	13,108	1,141,680	1,073,107	68,573
Cleaning, Repair and Maintenance Services	400,307	16,742	417,049	268,701	148,348
Other Purchased Property Services	43,000		43,000	31,912	11,088
Insurance	176,000	14,977	190,977	190,977	
Travel	750		750	149	601
Miscellaneous Purchased Services	1,800		1,800	423	1,377
General Supplies	200,000	(23,385)	176,615	175,352	1,263
Natural Gas	209,330	(25,330)	184,000	109,875	74,125
Electricity	684,530	(150)	684,380	526,895	157,485
Other Objects	1,500		1,500	875	625
Total Undist. Expend. - Custodial Services	2,845,789	(4,038)	2,841,751	2,378,266	463,485
Undist. Expend. - Security					
Purchased Professional & Technical Services	57,000		57,000	10,540	46,460
Cleaning, Repair and Maintenance Services	3,500	16,000	19,500	3,500	16,000
General Supplies	10,000		10,000	9,253	747
Total Undist. Expend. - Security	70,500	16,000	86,500	23,293	63,207

Mercer County Special Services School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. Other than Between Home & School	\$ 20,000		\$ 20,000	\$ 85	\$ 19,915
Cleaning, Repair & Maintenance Services	4,500		4,500	1,764	2,736
Contracted Services (Other than Between Home and School) - Vendors	55,612	\$ (2,977)	52,635	5,756	46,879
Miscellaneous Purchased Services - Transportation	19,250	76	19,326	19,326	
Transportation Supplies	4,050		4,050	125	3,925
Total Undist. Expend. - Student Transportation Serv.	<u>103,412</u>	<u>(2,901)</u>	<u>100,511</u>	<u>27,056</u>	<u>73,455</u>
Special Programs- Instruction - Employee Benefits:					
Social Security Benefits	175,000	(13,290)	161,710	161,710	
Health Benefits	625,000	154,400	779,400	779,400	
Total Special Programs-Instruction-Employee	<u>800,000</u>	<u>141,110</u>	<u>941,110</u>	<u>941,110</u>	
TOTAL ALLOCATED BENEFITS	<u>800,000</u>	<u>141,110</u>	<u>941,110</u>	<u>941,110</u>	
Unallocated Benefits					
Social Security Contributions	600,098		600,098	475,843	124,255
TPAF Contributions ERIP	48,000		48,000	45,903	2,097
Other Retirement Contributions - PERS	1,230,000		1,230,000	1,170,004	59,996
Workmen's Compensation	1,123,976	4,624	1,128,600	1,078,600	50,000
Health Benefits	7,801,500	(6,534)	7,794,966	7,018,250	776,716
Tuition Reimbursement	65,000		65,000	23,001	41,999
Other Employee Benefits	412,100		412,100	327,581	84,519
Unused Vac. Payment to Term/Ret. Staff	100,000		100,000	29,412	70,588
Total Unallocated Benefits	<u>11,380,674</u>	<u>(1,910)</u>	<u>11,378,764</u>	<u>10,168,594</u>	<u>1,210,170</u>
TPAF Pension Contributions (On-behalf - Non-Budgeted)				3,921,309	(3,921,309)
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				1,228,877	(1,228,877)
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				2,246	(2,246)
Reimbursed TPAF Social Security				1,082,845	(1,082,845)
Total On-behalf Contributions				<u>6,235,277</u>	<u>(6,235,277)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>25,561,057</u>	<u>139,450</u>	<u>25,700,507</u>	<u>29,253,336</u>	<u>(3,552,833)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>41,607,316</u>	<u>(445,179)</u>	<u>41,162,137</u>	<u>43,593,622</u>	<u>(2,431,489)</u>

Mercer County Special Services School District
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Increase in Capital Reserve					
Interest Deposit to Capital Reserve	\$ 1,000		\$ 1,000		\$ 1,000
Equipment					
Multiple Disabilities	22,500		22,500		22,500
Autism	3,000		3,000		3,000
Preschool Disabilities-Full Time	2,500		2,500		2,500
Undist Expend- Support services- Related & Extraord		\$ 2,804	2,804	\$ 2,804	
Undist Expend - Central Services	18,911		18,911	18,911	
Undist Expend - Admin Info Tech	16,042		16,042	420	15,622
Maintenance	36,990		36,990	23,529	13,461
Total Equipment	<u>99,943</u>	<u>2,804</u>	<u>102,747</u>	<u>45,664</u>	<u>57,083</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	7,750		7,750	7,750	
Construction Services	702,739		702,739	612,358	90,381
Total Facilities Acquisition and Construction Services	<u>710,489</u>		<u>710,489</u>	<u>620,108</u>	<u>90,381</u>
TOTAL CAPITAL OUTLAY	<u>811,432</u>	<u>2,804</u>	<u>814,236</u>	<u>665,772</u>	<u>148,464</u>
TOTAL EXPENDITURES	<u>42,418,748</u>	<u>(442,375)</u>	<u>41,976,373</u>	<u>44,259,394</u>	<u>(2,283,025)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(2,812,900)</u>		<u>(2,812,900)</u>	<u>(1,661,893)</u>	<u>1,151,007</u>
Other Financing Sources:					
Transfer In				55,000	55,000
Total Other Financing Sources				<u>55,000</u>	<u>55,000</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Uses	<u>(2,812,900)</u>		<u>(2,812,900)</u>	<u>(1,606,893)</u>	<u>1,206,007</u>
Fund Balance, July 1 (retroactively adjusted - see Note 17)	<u>11,070,731</u>		<u>11,070,731</u>	<u>11,266,217</u>	
Fund Balance, June 30	<u>\$ 8,257,831</u>	<u>\$ -</u>	<u>\$ 8,257,831</u>	<u>\$ 9,659,324</u>	<u>\$ 1,206,007</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital Reserve			\$ 4,757,988		
Unemployment Compensation Reserve			210,644		
Assigned to:					
Designated for Subsequent Year's Expenditures			900,000		
Year End Encumbrances			188,288		
Unassigned Fund Balance			3,602,404		
Fund balance per Government Funds (GAAP)			<u>\$ 9,659,324</u>		

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

**Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2021**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 206,786	\$ 103,498	\$ 310,284	\$ 147,386	\$ (162,898)
Federal sources	22,566	15,000	37,566	142,157	104,591
Local sources	202,805	22,340	225,145	229,310	4,165
Total revenues	<u>432,157</u>	<u>140,838</u>	<u>572,995</u>	<u>518,853</u>	<u>(54,142)</u>
Expenditures					
Current expenditures:					
Instruction:					
Salaries:					
Salaries of teachers	22,566		22,566		22,566
General supplies		1,470	1,470	489	981
Total instruction	<u>22,566</u>	<u>1,470</u>	<u>24,036</u>	<u>489</u>	<u>23,547</u>
Support services:					
Salaries	389,186	45,531	434,717	409,054	25,663
Personal services—employee benefits	15,369	65,170	80,539	76,928	3,611
Communications		2,646	2,646	2,140	506
Travel	1,400	3,524	4,924	1,388	3,536
Supplies and materials	3,636	22,497	26,133	23,707	2,426
Other objects				554	(554)
Student Activities				6,326	(6,326)
Total support services	<u>409,591</u>	<u>139,368</u>	<u>548,959</u>	<u>520,097</u>	<u>28,862</u>
Total expenditures	432,157	140,838	572,995	520,586	52,409
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,733)</u>	<u>(1,733)</u>
Fund Balance, July 1 (retrospectively adjusted - see Note 17)				27,167	27,167
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,434</u>	<u>\$ 25,434</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, 2021

	Projects Adult County		Case Management - Special Child Health Services		Early Hearing Detection and Intervention	Clinic Project Program Child	First Day School Grant	COVID-19 CARES Act - Non Title I LEA ESSER	Scholarship		Student Activity		Totals
	Federal	County	State	County					Fund	Fund	Fund	Fund	
Revenues:													
State Sources	\$		\$ 147,386		\$	19,329	\$	15,000				\$	147,386
Federal Sources	\$	60,614	\$	104,345	\$	19,329	\$		1,798		3,349	\$	142,157
Local Sources	\$	60,614	\$	104,345	\$	66,543	\$	15,000	1,798		3,349	\$	229,310
Total Revenues	\$	100,000	\$	147,386	\$	66,543	\$	15,000	1,798		3,349	\$	518,853
Expenditures:													
Instruction:													
Other Salaries													
Supplies and Materials													
Total Instruction													\$ 489
Support Services:													
Salaries	\$	82,905	\$	118,778	\$	51,624	\$						409,054
Personal Services - Employee Benefits		15,833		26,854		6,143							76,928
Communications				1,140		1,000							2,140
Travel		25		263		1,100							1,388
Supplies and Materials		1,237		351		6,676		15,000		554			23,707
Other Objects													554
Student Activities											6,326		6,326
Total Support Services		100,000		147,386		66,543		15,000	554		6,326		520,097
Total Expenditures	\$	100,000	\$	147,386	\$	66,543	\$	15,000	554		6,326	\$	520,586
Excess (Deficiency) of Revenues	-	-	-	-	-	-	-	-	1,244		(2,977)		(1,733)
Fund Balance, July 1 (retroactively adjusted - see Note 17)	\$	-	\$	-	\$	-	\$	-	6,454		20,713		27,167
Fund Balance, June 30	\$	-	\$	-	\$	-	\$	-	7,698		17,736		25,434

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, 2021

Revenues	
County Sources	\$ (236,798)
Total Revenues	<u>(236,798)</u>
Expenditures	
Construction Services	<u>58,815</u>
Total expenditures	<u>58,815</u>
Deficiency of revenues under expenditures	(295,613)
Fund Balance, July 1	<u>1,180,113</u>
Fund Balance, June 30	<u>\$ 884,500</u>
 <u>Reconciliation to GAAP Financial statements</u>	
Fund Balance, June 30, 2021 - Budgetary Basis	\$ 884,500
GAAP Basis Revenues Not Recognized - County/Local	<u>(884,500)</u>
Fund Balance, June 30, 2021 - 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, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
County Sources	\$ 1,424,740	\$ (101,933)	\$ 1,322,807	\$ 1,322,807
Total Revenues	<u>1,424,740</u>	<u>(101,933)</u>	<u>1,322,807</u>	<u>1,322,807</u>
Expenditures and Other Financing Sources:				
Architectural Services				
Construction Services	1,092,514		1,092,514	1,092,514
Land Improvements	230,293		230,293	230,293
Total Expenditures	<u>1,322,807</u>		<u>1,322,807</u>	<u>1,322,807</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	<u>\$ 101,933</u>	<u>\$ (101,933)</u>	<u>\$ -</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	372,307			
Revised Authorized Cost	1,322,807			
Percentage Increase over Original Authorized Cost	39%			
Percentage Completion	100.00%			
Original Target Completion Date	November 2011			
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, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
County Sources	\$ 225,000	\$ (131,980)	\$ 93,020	\$ 93,020
Total Revenues	<u>225,000</u>	<u>(131,980)</u>	<u>93,020</u>	<u>93,020</u>
Expenditures and Other Financing Sources:				
Construction Services	<u>93,020</u>		<u>93,020</u>	<u>93,020</u>
Total Expenditures	<u>93,020</u>		<u>93,020</u>	<u>93,020</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	<u>\$ 131,980</u>	<u>\$ (131,980)</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	\$ 225,000
Decrease in Authorized Cost	(131,980)
Revised Authorized Cost	93,020
Percentage Decrease over Original Authorized Cost	-59%
Percentage Completion	100.00%
Original Target Completion Date	June 2020
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)

Reed School: Piping and Unit Ventilators

Year ended June 30, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
County Sources	\$ 650,000		\$ 650,000	\$ 650,000
Total Revenues	<u>650,000</u>		<u>650,000</u>	<u>650,000</u>
Expenditures and Other Financing Sources:				
Construction Services	3,800	\$ 36,700	40,500	650,000
Total Expenditures	<u>3,800</u>	<u>36,700</u>	<u>40,500</u>	<u>650,000</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	<u>\$ 646,200</u>	<u>\$ (36,700)</u>	<u>\$ 609,500</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	\$ 650,000
Additional Authorized Cost	-
Revised Authorized Cost	650,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	6.23%
Original Target Completion Date	June 2021
Revised Target Completion Date	March 2022

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

CAPITAL PROJECTS FUND

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

(BUDGETARY BASIS)

IT Network Upgrades

Year ended June 30, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
County Sources	\$ 155,000		\$ 155,000	\$ 155,000
Total Revenues	<u>155,000</u>		<u>155,000</u>	<u>155,000</u>
Expenditures and Other Financing Sources:				
Construction Services				<u>155,000</u>
Total Expenditures				<u>155,000</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	<u>\$ 155,000</u>	<u>\$ -</u>	<u>\$ 155,000</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	\$ 155,000
Additional Authorized Cost	-
Revised Authorized Cost	155,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	0.00%
Original Target Completion Date	June 2021
Revised Target Completion Date	June 2022

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: Library

Year ended June 30, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
County Sources	\$ 25,000	\$ (2,885)	\$ 22,115	\$ 22,115
Total Revenues	<u>25,000</u>		<u>22,115</u>	<u>22,115</u>
Expenditures and Other Financing Sources:				
Construction Services		<u>22,115</u>	<u>22,115</u>	<u>22,115</u>
Total Expenditures		<u>22,115</u>	<u>22,115</u>	<u>22,115</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	<u>\$ 25,000</u>	<u>\$ (22,115)</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	\$ 25,000
Decrease in Authorized Cost	(2,885)
Revised Authorized Cost	22,115
Percentage Decrease over Original Authorized Cost	-12%
Percentage Completion	100.00%
Original Target Completion Date	September 2020
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)

Regional Day School Doors

Year ended June 30, 2021

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
County Sources	\$ 120,000		\$ 120,000	\$ 120,000
Total Revenues	<u>120,000</u>		<u>120,000</u>	<u>120,000</u>
Expenditures and Other Financing Sources:				
Construction Services				120,000
Total Expenditures				<u>120,000</u>
Excess/(Deficiency) of Revenues				
Over/(Under) Expenditures	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ 120,000</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	\$ 120,000
Additional Authorized Cost	-
Revised Authorized Cost	120,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	0.00%
Original Target Completion Date	June 2021
Revised Target Completion Date	June 2022

Long-Term Debt

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
LONG-TERM DEBT

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Year ended June 30, 2021

Description	Date of Lease	Term of Lease	Interest Rate	Amount of Original Issue	Balance July 1, 2020	Retired	Balance June 30, 2021
2018 Ford Truck	3/9/2018	3 years	5.128%	\$ 32,783	\$ 11,491	\$ 11,491	\$ -

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 annual comprehensive financial reports (ACFR) 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
Investment in Capital Assets	\$ 38,822,787	\$ 38,046,878	\$ 37,556,142	\$ 37,242,158	\$ 37,059,204	\$ 36,041,421	\$ 35,595,718	\$ 34,602,687	\$ 33,911,056	\$ 33,180,748
Restricted	1,151,066	1,551,784	2,393,633	2,851,151	3,094,454	3,811,962	4,384,724	5,229,928	5,005,565	4,994,066
Unrestricted (deficit)	6,649,120	5,513,720	4,028,166	(15,314,922)	(14,084,873)	(21,493,464)	(21,787,902)	(21,110,644)	(21,620,401)	(21,875,217)
Total Government Activities Net Position	\$ 46,622,973	\$ 45,112,382	\$ 43,977,941	\$ 24,778,387	\$ 26,068,785	\$ 18,359,919	\$ 18,192,540	\$ 18,721,971	\$ 17,296,220	\$ 16,299,597
Business-Type Activities:										
Investment in Capital Assets	\$ 362,945	\$ 341,717	\$ 309,756	\$ 285,403	\$ 275,629	\$ 247,648	\$ 251,242	\$ 228,350	\$ 210,379	\$ 187,835
Unrestricted	2,083,546	1,544,319	1,188,070	1,097,383	1,073,731	938,205	759,111	320,147	348,538	346,058
Total Business-Type Activities Net Position	\$ 2,446,491	\$ 1,886,036	\$ 1,497,826	\$ 1,382,786	\$ 1,349,360	\$ 1,185,853	\$ 1,010,353	\$ 548,497	\$ 558,917	\$ 533,893
Government-Wide:										
Investment in Capital Assets	\$ 39,185,732	\$ 38,388,595	\$ 37,865,898	\$ 37,527,561	\$ 37,334,833	\$ 36,289,069	\$ 35,846,960	\$ 34,831,037	\$ 34,121,435	\$ 33,368,583
Restricted	1,151,066	1,551,784	2,393,633	2,851,151	3,094,454	3,811,962	4,384,724	5,229,928	5,005,565	4,994,066
Unrestricted (deficit)	8,732,666	7,058,039	5,216,236	(14,217,539)	(13,011,142)	(20,555,259)	(21,028,791)	(20,790,497)	(21,271,863)	(21,529,159)
Total Government-Wide Net Position	\$ 49,069,464	\$ 46,998,418	\$ 45,475,767	\$ 26,161,173	\$ 27,418,145	\$ 19,545,772	\$ 19,202,893	\$ 19,270,468	\$ 17,855,137	\$ 16,833,490

Source: ACFR 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.

GASB 84 was implemented during the 2021 fiscal year, which required a retroactive adjustment of beginning net position in the amount of \$222,653. This amount is not reflected in the June 30, 2020 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities:										
Instruction:										
Special Education	23,177,728	23,457,196	23,079,131	26,157,918	28,568,929	30,845,335	31,487,365	27,124,389	27,432,086	28,159,600
Other Special Education	44,458	51,177	53,306	68,673	58,218	70,474	80,304	74,104	34,561	1,465
Support Services:										
Student and Instruction Related Services	9,831,565	10,565,290	10,152,663	11,682,237	11,904,674	13,442,373	13,707,139	12,571,632	12,866,224	13,828,964
General Administration	335,027	344,767	345,575	330,894	376,694	360,252	442,185	445,296	314,467	356,176
School Administrative Services	1,462,521	1,724,486	1,735,911	1,952,019	1,703,450	1,998,859	2,144,190	1,972,152	1,911,082	2,110,793
Central Administrative Services	842,546	1,044,154	1,237,868	1,268,737	1,377,588	1,577,339	1,540,650	1,271,731	1,144,284	1,130,855
Administrative Information Technology	438,483	467,688	491,039	538,884	537,750	674,279	615,227	673,204	630,991	695,520
Plant Operations and Maintenance	2,829,359	2,661,520	2,966,316	3,311,854	3,337,049	3,658,509	3,465,972	3,465,972	3,435,867	3,598,302
Pupil Transportation	19,774	16,594	71,917	21,366	27,000	38,592	61,316	93,182	69,721	28,611
Interest on Long-Term Debt							535	1,883	1,177	603
Total Governmental Activities Expenses	38,981,461	40,332,872	40,133,726	45,332,582	47,891,312	52,665,812	53,570,495	47,693,545	47,840,430	49,910,889
Business-Type Activities:										
Food Service	466,037	492,515	535,018	546,225	565,591	547,927	532,086	604,296	481,129	254,974
Mercer County Cooperative Transportation System	6,047,738	5,674,532	6,741,427	6,767,252	6,915,392	6,559,252	5,528,019	6,382,308	6,662,984	3,254,765
NJ State Regional Day School at Hamilton	2,207,361	2,521,195	2,411,332	1,476,116	441,799	514,635	488,724	655,306	463,223	332,066
Integrated Preschool	231,902	62,298	60,707	59,982	62,176	61,123	77,500	92,501	32,965	
Assisted Augmentative Technology		20,936								
Clinic Parent	26,566	7,728	9,956	2,811	492	398	4,647	24,206	26,773	15,400
Community Resources	80,279	148,491	172,061	51,703	71,098	89,383	53,420	99,450	54,272	32,812
Church's	72,387	65,123	64,742	68,271	77,560	67,394	80,910	74,313	45,887	6,173
Special Aides	1,743,632	2,085,488	2,370,350	3,026,205	3,021,915	3,026,594	3,402,552	3,386,565	3,423,045	2,529,054
Total Business-Type Activities Expenses	10,900,587	11,078,306	12,365,493	11,998,565	11,156,023	10,866,706	10,167,858	11,318,945	11,190,250	6,425,244
Total District Expenses	49,882,048	51,411,178	52,499,219	57,331,147	59,047,335	63,532,518	63,738,353	59,012,490	59,030,680	56,336,133

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

	Year ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenues:										
Charges for Services										
Tuition - LEAs	\$ 32,065,344	\$ 30,503,693	\$ 31,490,169	\$ 36,911,372	\$ 35,911,594	\$ 29,034,534	\$ 34,254,030	\$ 35,019,017	\$ 35,112,656	\$ 32,424,239
Operating Grants and Contributions:										
Special Education	220,813	218,546	25,382	23,102	26,329	17,410	19,454	1,555	25,094	489
Student and Instruction Related Services	683,905	672,866	485,675	493,949	480,858	486,186	482,776	465,335	475,956	518,364
Capital Grants and Contributions	252,101	296,667	553,644	305,709	471,052	74,401	621,281	116,583	63,642	58,815
Total Governmental Activities Program Revenues	33,222,163	31,691,772	32,554,870	37,734,132	36,889,833	29,612,531	35,377,541	35,602,490	35,677,328	33,001,907
Business-Type Activities:										
Charges for Services:										
Food Service	85,117	76,413	110,074	126,761	124,727	125,741	131,427	145,262	99,540	3,719
Mercer County Cooperative Transportation System	6,047,738	5,674,330	6,741,427	6,767,252	6,915,391	6,559,252	5,528,019	6,382,302	6,715,607	3,188,338
NJ State Regional Day School at Hamilton	2,093,495	2,087,454	2,186,112	1,418,563	472,627	411,558	368,921	365,630	473,892	336,630
Integrated Preschool	2,661,112									
Assisted Augmentative Technology	25,665									
Clinic Patient	32,570	18,775	17,400	9,300	9,075	6,825	5,075			6,076
Community Resources	99,021	117,655	72,150	42,238	75,888	92,420	52,784	48,962	43,673	30,844
Chick's Place	73,605	72,967	70,445	74,829	76,489	70,840	75,005	70,201	47,122	2,008
Special Aides	1,737,884	2,086,195	2,369,543	3,026,205	3,021,915	3,026,594	3,402,552	2,499,636	3,410,760	2,529,054
Operating Grants and Contributions:										
Food Service	345,345	384,041	410,132	418,364	426,515	409,953	428,513	457,730	342,450	358,535
Total Business-Type Activities Program Revenues	10,806,552	10,517,830	11,977,283	11,883,512	11,122,577	10,703,183	9,992,296	9,969,723	11,133,444	6,455,204
Total District Program Revenues	\$ 44,028,715	\$ 42,209,602	\$ 44,532,153	\$ 49,617,644	\$ 48,012,410	\$ 40,315,714	\$ 45,369,837	\$ 45,572,213	\$ 46,810,372	\$ 39,457,111
Net (Expense)/Revenue:										
Governmental Activities	\$ (5,759,298)	\$ (8,641,100)	\$ (7,578,856)	\$ (7,598,450)	\$ (11,001,479)	\$ (23,053,281)	\$ (18,192,954)	\$ (12,091,055)	\$ (12,163,102)	\$ (16,908,982)
Business-Type Activities	(94,035)	(560,476)	(388,210)	(115,053)	(33,446)	(163,523)	(175,562)	(1,349,222)	(57,206)	29,960
Total Government-wide Net (Expense)/Revenue	\$ (5,853,333)	\$ (9,201,576)	\$ (7,967,066)	\$ (7,713,503)	\$ (11,034,925)	\$ (23,216,804)	\$ (18,368,516)	\$ (13,440,277)	\$ (12,220,308)	\$ (16,879,022)

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

	Year ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Assets:										
Governmental Activities-										
County Appropriation Taxes	2,870,529	2,870,529	2,874,529	2,874,529	2,874,529	2,932,020	2,990,660	3,050,473	3,111,482	3,111,482
Nonresident Fees	183,485	174,791	156,155	178,474	175,230	151,248	160,816	167,524	156,672	118,800
Interest Earned on Investments	7,821	13,924	5,053	3,782	10,481	22,126	49,302	19,077	119,012	4,506
Miscellaneous Income	287,643	323,430	327,583	319,247	421,701	326,528	256,121	303,996	336,000	437,367
Federal and State Aid Not Restricted	3,052,318	3,747,835	3,081,095	7,707,492	8,809,936	11,912,493	14,568,676	9,866,345	7,014,185	12,017,551
Special Item - Transfer								(886,929)		
Total Governmental Activities	6,401,796	7,130,509	6,444,415	11,083,324	12,291,877	15,344,415	18,025,575	12,620,486	10,737,351	15,689,706
Business-Type Activities:										
Interest Earned on Investments	51	21	-	13	19	16	62	437	341	16
Miscellaneous Income									67,285	(55,000)
Special Item - Transfer								886,929		
Total Business-Type Activities	51	21	-	13	19	16	62	887,366	67,626	(54,984)
Total Government-wide	\$ 6,401,847	\$ 7,130,530	\$ 6,444,415	\$ 11,083,337	\$ 12,291,896	\$ 15,344,431	\$ 18,025,637	\$ 13,507,852	\$ 10,804,977	\$ 15,634,722
Changes in Net Position:										
Governmental Activities	642,498	(1,510,591)	(1,134,441)	3,485,074	1,290,398	(7,708,866)	(167,379)	529,431	(1,425,751)	(1,219,276)
Business-Type Activities	(93,984)	(560,455)	(388,210)	(115,040)	(33,427)	(163,507)	(175,500)	(461,856)	10,420	(25,024)
Total District	\$ 548,514	\$ (2,071,046)	\$ (1,522,651)	\$ 3,370,034	\$ 1,256,971	\$ (7,872,373)	\$ (342,879)	\$ 67,575	\$ (1,415,331)	\$ (1,244,300)

Source: ACFR 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.

GASB 75 was implemented in the 2018 fiscal year, which increased the unrestricted grants and contributions and various expense lines from the previous year.

GASB 84 was implemented in the 2021 fiscal year, which increased the related services expense line and charges for services from the previous year.

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

	As of June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Restricted	\$ 1,151,066	\$ 1,551,784	\$ 2,393,633	\$ 2,079,965	\$ 2,883,893	\$ 3,652,078	\$ 4,384,724	\$ 5,229,928	\$ 5,005,565	\$ 4,968,632
Assigned	3,736,862	5,417,142	735,595	873,790	6,509,359	2,103,047	1,910,604	2,729,509	2,561,901	1,088,288
Unassigned	5,130,643	2,419,207	5,343,814	8,692,433	4,703,215	4,071,751	4,736,725	4,267,291	3,503,265	3,602,404
Total General Fund	\$ 10,018,571	\$ 9,388,133	\$ 8,473,042	\$ 11,646,188	\$ 14,096,467	\$ 9,826,876	\$ 11,032,053	\$ 12,226,728	\$ 11,070,731	\$ 9,659,324
All Other Governmental Funds:										
Restricted for:										
Special Revenue Fund*				\$ 771,186	\$ 210,561	\$ 159,884	\$ -	\$ -	\$ -	\$ 25,434
Capital Projects Fund										
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ 771,186	\$ 210,561	\$ 159,884	\$ -	\$ -	\$ -	\$ 25,434

Source: ACFR Schedule B-1 and District records.

* The increase is due to the implementation of GASB 84, which required the reporting of scholarships and student activities in the Special Revenue Fund.

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
County Appropriation/Taxes	\$ 3,122,650	\$ 3,167,196	\$ 3,428,173	\$ 2,955,736	\$ 2,874,529	\$ 2,932,020	\$ 2,990,660	\$ 3,050,473	\$ 3,111,482	\$ 3,111,482
Tuition - LEA's	32,065,344	30,503,693	31,490,169	36,911,372	35,911,594	29,034,534	34,254,030	35,019,017	35,112,636	32,420,890
Nonresident Fees	183,485	174,791	156,155	178,474	175,230	151,248	160,816	167,574	156,672	118,800
Interest Earned on Investment	7,821	13,924	5,053	3,782	10,481	22,126	49,302	119,077	119,012	4,506
Miscellaneous	287,643	323,430	327,583	319,247	421,701	326,528	256,121	303,996	403,285	385,716
State Sources	3,322,120	4,039,891	3,221,612	3,735,607	4,291,762	4,459,703	4,771,165	5,293,128	5,577,487	6,382,663
Federal Sources	343,865	367,458	146,866	674,461	421,120	567,326	462,037	514,340	422,396	462,987
Other Sources	291,051	231,898	223,674	223,235	317,641	265,793	845,778	341,812	293,418	288,125
Total Revenues	39,623,959	38,822,281	38,999,285	45,001,914	44,424,058	37,759,278	43,789,909	44,809,367	45,196,388	43,175,169
Expenditures:										
Current:										
Special Education Instruction	15,049,479	15,164,909	15,111,117	15,477,872	15,921,752	15,370,395	15,310,737	14,631,921	16,050,857	14,339,553
Other Special Instruction	31,495	37,908	39,796	45,603	38,641	43,177	47,407	48,043	20,768	1,222
Support Services and Undistributed Costs:										
Student and Instruction Related Services	7,028,694	7,091,331	6,919,887	6,959,270	7,001,739	6,999,605	6,952,537	7,051,692	7,808,920	7,425,702
General Administration	296,246	292,161	294,708	261,845	301,874	262,703	333,217	350,221	264,228	281,295
School Administration	990,978	1,130,417	1,157,838	1,129,048	980,913	1,018,627	1,065,208	1,079,223	1,133,566	1,087,106
Central Services	594,996	685,844	829,811	747,070	792,047	806,137	790,947	725,445	703,242	623,105
Administrative Information Technology	344,075	338,370	362,991	363,751	355,388	421,727	373,122	478,034	462,657	493,729
Plant Operations and Maintenance	2,401,436	2,155,718	2,474,912	2,527,708	2,451,927	2,533,285	2,408,051	2,481,981	2,606,907	2,478,565
Pupil Transportation	35,745	32,548	33,637	35,873	40,804	36,712	58,581	77,469	56,284	27,056
Unallocated Benefits	11,065,267	12,154,781	11,918,838	12,592,500	13,512,810	14,347,199	14,548,004	15,390,428	16,353,758	17,344,981
Capital Outlay	437,650	368,732	770,841	951,131	1,136,509	239,979	839,931	426,858	811,818	724,587
Debt Service:										
Principal							16,339	17,348	10,918	11,491
Interest							535	1,883	1,177	603
Total Expenditures	38,276,041	39,452,719	39,914,376	41,091,671	42,534,404	42,079,546	42,744,616	42,760,546	46,283,100	44,838,795
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,347,918	(630,438)	(915,091)	3,910,243	1,889,654	(4,320,268)	1,045,293	2,048,821	(1,088,712)	(1,663,626)
Other Financing Sources/(Uses):										
Transfers In				1,114,530	157,248			(886,929)	(67,285)	55,000
Transfers Out				(1,114,530)	(157,248)					
Special Item - Transfer										
Capital Lease Proceeds				34,089						
Total Other Financing Sources/(Uses)	-	-	-	(1,080,441)	-	-	-	(854,146)	(67,285)	55,000
Net Change in Fund Balances	\$ 1,347,918	\$ (630,438)	\$ (915,091)	\$ 2,829,802	\$ 1,889,654	\$ (4,320,268)	\$ 1,045,293	\$ 1,194,675	\$ (1,155,997)	\$ (1,608,626)
Debt service as a percentage of noncapital expenditures							0.04%	0.05%	0.03%	0.05%

Source: District ACFR 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tuition - LEA's	\$ 30,503,693	\$ 31,490,169	\$ 31,490,169	\$ 36,911,372	\$ 35,911,594	\$ 29,034,534	\$ 34,254,030	\$ 35,019,017	\$ 35,112,636	\$ 32,420,890
Nonresident Fees	183,485	174,791	156,155	178,474	175,230	151,248	160,816	167,524	156,672	118,800
Interest Earned on Investments	13,924	5,053	5,053	3,782	10,481	22,126	49,302	119,077	119,012	4,506
County Appropriation	2,870,529	2,870,529	2,874,529	2,874,529	2,874,529	2,932,020	2,990,660	3,050,473	3,111,482	3,111,482
Rentals	257,011	290,000								
Miscellaneous	66,419	33,430	327,583	319,247	421,701	326,528	256,121	303,996	403,285	385,716
Total	\$ 33,895,061	\$ 34,863,972	\$ 34,853,489	\$ 40,287,404	\$ 39,393,535	\$ 32,466,456	\$ 37,710,929	\$ 38,660,087	\$ 38,903,087	\$ 36,041,394

Source: District records.

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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%
2020	367,430	25,479,065,920	69,344	3.20%
2021	367,717	26,398,403,430	71,790	6.60%

Source:

- ^a US Bureau of the Census, Population Division, provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been estimated based upon the County population and per capita personal income presented.
- ^c Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.
- ^d 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction:										
Special Education	111.7	254.2	234.9	234.5	232.7	220.8	216.4	222.6	214.0	180.0
Support Services:										
Student and Instruction Related Services	250.4	76.5	73.4	76.8	76.6	74.9	74.4	80.9	84.4	80.0
General Administration	4.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
School Administrative Services	20.5	14.0	13.0	14.0	13.0	13.0	13.0	13.0	13.0	15.0
Other Administrative Services	5.0	4.0	3.5	3.5	3.6	3.5	3.2	3.0	4.0	4.0
Central Services	31.5	32.0	29.6	34.0	33.8	32.5	27.4	26.8	26.7	27.0
Total	423.1	381.7	355.4	363.8	360.7	345.7	335.4	347.3	343.1	307.0

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 ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
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	40,140,540	59,415	1.47%	235	2.88	675.60	606.90	1.21%	89.83%
2015	682.60	40,140,540	58,805	-1.03%	235	2.90	682.60	616.70	1.04%	90.35%
2016	627.04	41,839,567	66,726	13.47%	233	2.69	627.04	562.59	-8.14%	89.72%
2017	579.09	41,839,567	72,251	8.28%	216	2.68	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%
2020	560.00	45,720,408	81,644	7.28%	214	2.61	520.15	483.34	-6.45%	92.92%
2021	527.00	44,259,394	83,984	2.87%	180	2.92	492.50	411.68	-5.32%	83.59%

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	141	125	139	128	114	88	101	92	92	77
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	208	205	186	213	219	201	185	205	205	209
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	319	319	319
Enrollment	279	278	265	279	275	263	293	259	259	241
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	42	46	45	32	12	9	9	11	11	7

Number of Schools at June 30, 2021

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
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
2020	21,062	20,735	25,288	11,929	79,014
2021	27,615	21,598	25,288	14,399	88,900
Total School Facilities	\$ 319,295	\$ 268,168	\$ 320,940	\$ 132,959	\$ 1,041,362

Source: District records.

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

	Coverage	Deductible
Burlington County Insurance Pool Joint Insurance Fund:		
Property, Inland Marine and Automobile Physical Damages	\$ 250,000	\$ 500
Crime	250,000	500
General and Automobile Liability	250,000	
Workers' Compensation	250,000	
Educator's Legal Liability	250,000	
School Pool for Excess Liability Limits Joint Insurance Fund:		
Property, Inland Marine and Automobile Physical Damages	175,000,000	
Crime	500,000	
Workers' Compensation	Statutory	
Employers Liability	10,000,000	
General and Automobile Liability	20,000,000	
Educator's Legal Liability	20,000,000	
Travelers Insurance Company		
Boiler and Machinery	125,000,000	1,000
Beazley/Lloyd's of London Insurance		
Environmental / Pollution Legal Liability	3,000,000	25,000 - 250,000
Crisis Protection & Disaster Management Services	1,000,000	10,000
Starr Indemnity & Liability Company		
Cyber Liability	2,000,000	50,000 - 100,000

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 and each major fund 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 7, 2022.

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) as a basis for designing 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.

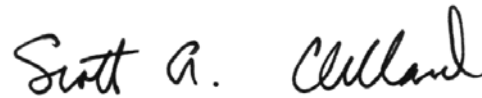
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

February 7, 2022
Florham Park, 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, 2021. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB'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, 2021.

Report on Internal Control Over Compliance

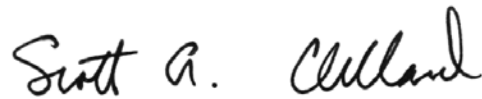
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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

February 7, 2022
Florham Park, New Jersey

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2021

Federal AL Number	Federal Award Identification Number	Federal Grantor/Pass-Through Grantor/Program Title	Program or Award Amount	Grant Period From To	Balance, June 30, 2020		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balances	Balance, June 30, 2021		
					Unearned Revenue	(Accounts Receivable)					(Accounts Receivable)	Due To Grantor	
93.778	2008NJ5MAP	\$ 320,830	07/01/20	06/30/21	\$ 320,830	\$ (320,830)	\$ 320,830	\$ (320,830)			\$ 10,608	\$ 828	
U.S. Department of Health and Human Services - Passed - Through State Department of Education: General Fund: Medical Assistance Program - SEMI Program Total General Fund													
93.251	Not Available	33,233	04/01/20	03/31/21	61,535	(66,543)	3,341	(5,836)		\$	\$	\$ 828	
93.251	Not Available	33,233	04/01/19	03/31/20	3,341		3,341						
93.254	Not Available	66,614	07/01/19	06/30/21	89,936	(60,614)	89,936	(60,614)			(9,678)		
93.394	Not Available	66,614	07/01/19	06/30/20	38,416		38,416		(38,416)				
84.425D	S425D20027	15,000	03/16/20	09/30/22	15,000	(15,000)	169,228	(142,157)	(38,416)		(15,514)	828	
U.S. Department of Education - Passed - Through N.J. Department of Education: COVID-19 - CARES Act - Non Title I LEA ESSER Total Special Revenue Fund													
10.553	20IN304N1099	9,984	07/01/19	06/30/20	6,772	(6,772)	89,420	(103,019)			(13,599)		
10.553	21IN304N1099	103,019	07/01/20	06/30/21	217	(217)	2,784	(3,210)			(426)		
10.555	20IN304N1099	187,246	07/01/19	06/30/20	2,784		114,598	(161,879)			(47,281)		
10.555	21IN304N1099	15,185	07/01/20	06/30/21	5,961	(10,626)	28,625	(18,017)			(5,961)		
10.555	21IN304N1099	161,879	07/01/20	06/30/21	5,961		28,625	(18,017)			(5,961)		
10.555	20IN304N1099	30,907	07/01/19	06/30/20	5,961		253,042	(350,302)			(96,260)		
10.555	21IN304N1099	28,625	07/01/20	06/30/21	5,961	(17,615)	253,042	(350,302)			(96,260)		
10.555	212121H170341	58,216	07/01/20	06/30/21	5,961	(17,615)	253,042	(350,302)			(96,260)		
10.649	212121S900941	614	07/01/20	06/30/21	5,961	(17,615)	253,042	(350,302)			(96,260)		
Total Expenditures of Federal Awards Total Enterprise Fund													
					\$ 5,961	(20,956)	\$ 743,100	(813,903)	(38,416)	\$	(135,650)	\$ 10,608	\$ 828

NC - non-cash expenditures

MERCER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Year ended June 30, 2021

State Grantor Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance, June 30, 2020		Due to Grantor	Cash Received	Budgetary Expenditures	Adjustments	Remainder of Prior Years' Balance	Balance, June 30, 2021		Budgetary Receivable	Memo Cumulative Total Expenditures	
			From	To	Unearned Revenue	(Accounts Receivable)						Unearned Revenue	(Accounts Receivable)			
State Department of Education																
On-Behalf TPAF Pension Contributions	495-04-5095-002	\$ 3,921,309	07/01/20	06/30/21			\$	3,921,309	(3,921,309)						\$	(3,921,309)
On-Behalf TPAF Post Retirement Medical	495-04-5095-001	1,228,877	07/01/20	06/30/21				1,228,877	(1,228,877)							(1,228,877)
On-Behalf TPAF Non-contributory Insurance	495-04-5095-004	2,246	07/01/20	06/30/21				2,246	(2,246)							(2,246)
Reimbursed TPAF Social Security	495-04-5094-003	1,125,426	07/01/19	06/30/20				54,287								
Reimbursed TPAF Social Security Contributions	495-04-5094-003	1,082,845	07/01/20	06/30/21				1,030,789	(1,082,845)							(1,082,845)
Total General Fund								6,237,808	(6,237,808)							(6,237,808)
State Department of Health																
Special Revenue Fund:																
Case Management - SCIS	4572-129-6140-2080	147,386	07/01/19	06/30/20				4,257	(147,386)							(147,386)
Case Management - SCIS	4572-129-6140-2080	147,386	07/01/20	06/30/21				102,222		\$ 38,416						
Total Special Revenue Fund								106,479	(147,386)	38,416						(147,386)
State Department of Agriculture																
Enterprise Fund:																
COVID-19 Unanticipated School Closures 2020-21	106-000-3350-023	252	07/01/19	06/30/20				171	(7,619)							(7,619)
COVID-19 Unanticipated School Closures 2019-20	106-000-3350-025	7,619	07/01/20	06/30/21				6,069								
Total Enterprise Fund								6,240	(7,619)							(7,619)
Total State Financial Assistance								6,350,277	(6,300,282)	38,416						(6,300,282)
State Financial Assistance Not Subject to Single Audit Determination																
On-Behalf TPAF Pension Contributions	495-04-5095-002	3,921,309	07/01/20	06/30/21				3,921,309	(3,921,309)							(3,921,309)
On-Behalf TPAF Post Retirement Medical	495-04-5095-001	1,228,877	07/01/20	06/30/21				1,228,877	(1,228,877)							(1,228,877)
On-Behalf TPAF Non-contributory Insurance	495-04-5095-004	2,246	07/01/20	06/30/21				2,246	(2,246)							(2,246)
Total State Financial Assistance Subject to Single Audit Determination								1,197,295	(1,237,850)	38,416						(1,237,850)

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, 2021

1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal award and state financial assistance activity under programs of the federal and state government for the year ended June 30, 2021. The District 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.

The information in these schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* 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*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements. Because the schedules present only selected portions of the operations of the District, they are not intended to and do not present the financial position, changes in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

The expenditures reported on the accompanying schedules of expenditures of federal awards and state financial assistance (Schedules) 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and New Jersey OMB Circular 15-08, wherein certain types of expenditures are allowable or are limited as to reimbursement. These bases of accounting are described in Note 1 to the District's basic financial statements.

Mercer County Special Services School District

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

Year ended June 30, 2021

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.

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.

Federal and State award revenues are reported in the District’s basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 320,830	\$ 6,235,277	\$ 6,556,107
Special Revenue Fund	142,157	147,386	289,543
Food Service Enterprise Fund	350,916	7,619	358,535
Total award revenues	<u>\$ 813,903</u>	<u>\$ 6,390,282</u>	<u>\$ 7,204,185</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. The adjustments presented on schedule K-3 and K-4 are the results on the cancellation of prior year accounts receivable.

Mercer County Special Services School District

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

Year ended June 30, 2021

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, 2021.

The post retirement pension and medical benefits and insurance received on-behalf of the District for the year ended June 30, 2021, amounted to \$5,152,432. 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, 2021

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:

<u>AL Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
		Child Nutrition Program Cluster:
10.555	2111NJ304N1099	Food Donation Program
10.555	2111NJ304N1099	National School Lunch Program
10.553	2111NJ304N1099	National School Breakfast Program

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, 2021

Part I - Summary of Auditors' Results (continued)

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:

GMIS/Program Number	Name of State Program or Cluster
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

Year ended June 30, 2021

Part II – Schedule of Financial Statement Findings

No compliance or internal control over financial reporting 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, 2021

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

No federal award or state financial assistance program internal control over compliance or compliance findings or questioned costs were noted that are required to be reported in accordance with 2 CFR 200 Section 516(a) or New Jersey State OMB Circular 15-08.

Mercer County Special Services School District
Summary Schedule of Prior Year Audit Findings
Year ended June 30, 2021

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