

AREA VOCATIONAL-  
TECHNICAL SCHOOLS  
OF MERCER COUNTY  
SCHOOL DISTRICT

County of Mercer  
New Jersey

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

**Area Vocational-Technical Schools  
of Mercer County School District**

**Hamilton, New Jersey**

Annual Comprehensive Financial Report  
Year Ended June 30, 2021

Prepared by

Business Office

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# Introductory Section





Dr. James A. Fazzone  
Interim Superintendent

[www.mcts.edu](http://www.mcts.edu)

February 14, 2022

Honorable President and  
Members of the Board of Education of the  
Area Vocational-Technical Schools of Mercer County  
Trenton, New Jersey 08690

Dear Board Members and Constituents:

The Annual Comprehensive Financial Report (ACFR) of the Area Vocational-Technical Schools of Mercer County (District) as of and for the 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 management 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 respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and government-wide financial statements of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The ACFR is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this Transmittal Letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's Organization Chart, list of Principal Officials and a list of independent auditors and advisors. The Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis, basic financial statements and related footnotes and schedules. 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*. A federal single audit was not required in the 2021 fiscal year as federal expenditures did not exceed \$750,000. Information related to this single audit, including the auditors' report on internal control 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:**

The District is considered fiscally dependent upon County Government; therefore, it is an entity that must report under the Government Accounting Standards Board (GASB) Statement No. 34. All funds and the government-wide financial statements of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels 9 to 12 in full-time academies and grades 11 to 12 in shared-time secondary programs, as well as adult and post-secondary programs. These include regular vocational, as well as vocational special education for handicapped students. The District completed the 2020-2021 fiscal year with an average daily enrollment of 980 students. Following are the District’s average daily enrollments over the last five (5) years:

Average Daily Enrollment

| <u>Fiscal Year</u> | <u>Student Enrollment</u> |
|--------------------|---------------------------|
| 2020-2021          | 980                       |
| 2019-2020          | 938                       |
| 2018-2019          | 1,058                     |
| 2017-2018          | 983                       |
| 2016-2017          | 977                       |

**2. ECONOMIC CONDITION AND OUTLOOK:**

The District is primarily a shared-time vocational-education delivery system serving all of the secondary public and non-public school districts in Mercer County and has a full-time Health Science Academy (HSA), a full-time Science, Technology, Engineering and Mathematics (STEM) Academy and a full-time Culinary Academy to better meet the needs of the students and industry. The District was formed in 1968 as a result of a resolution passed by the Mercer County Board of Commissioners. Under the auspices of a seven-member Board of Education, the District also sponsors a comprehensive adult and post-secondary vocational-technical program.

The District is currently operating two secondary schools. The Assunpink Center houses both the full-time HSA Academy, as well as shared-time programs and the Sypek Center operates both a full-time STEM Academy and a full-time Culinary Academy, as well as shared-time vocational-technical facilities serving 11<sup>th</sup> and 12<sup>th</sup> grade students and other out-of-school youth who require entry-level career training. The Career Prep Program, located on the West Windsor Campus of the Mercer County Community College, is also a shared-time educational program designed to serve 12<sup>th</sup> grade students who are seeking careers in Theatre, Dance, Professional Cooking, Business, Technology, Exercise Science, Criminal Justice, Fire Science and Radio & TV Production which are sponsored by the school district.

The District also serves as the local educational agency for the Thomas J. Rubino Academy, an alternative high school which serves all of Mercer County. The alternative education program is designed to offer structure different from the traditional form of education to assist students in realizing their life goals and choices, talents, abilities, and career interests. The education services for the alternative program are provided by Specialized Education Services, Inc., an educational service provider to assist New Jersey’s public schools, private schools, and state agencies to meet their ever-increasing needs and demands. The education program is delivered at the Alfred Reed School in Ewing, New Jersey through a lease agreement with the Mercer County Special Services School District.

The District acquires its funding from federal, state, county, and local sources. As per the 2020-2021 budget of \$16,578,357 approximately 43% of the budget is supported by county tax, 19% by state aid, 3% by federal/state special revenue aid, and 35% from tuition, fees, miscellaneous income and through the addition of fund balance.

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.

Area Vocational-Technical Schools of Mercer County is striving to align programs and prepare students to meet the demands of today and the future through additional Career Prep and full-time Academy Programs for students to earn the credentials for high school and beyond in conjunction with Mercer County Community College, business and industry apprenticeships and partnerships.

The District's 2020-2021 enrollment declined compared to the 2019-2020 school year. The District cannot accurately forecast future enrollment. While the District does not anticipate a return of enrollment to normal levels for the 2021-2022 school year due to the pandemic. The District is aware that requirements for controlling out of district placements from sending districts and the 2% cap on the sending district's tax levy increases have the potential to impact future enrollment.

### 3. **MAJOR INITIATIVES:**

#### **Capital Project Initiatives:**

The conversion from a shared-time facility to a full-time facility still remains an ongoing capital improvement project as part of the Long-Range Facility Plan. It has become more evident that "full-time" career and technical education programs will offer students an integrated academic and technical comprehensive educational program.

The District buildings range in age from 47 to 110 years old. The District is committed to the continued maintenance and repair of the buildings. During the 2020-2021 school year, the District completed an upgrade of outdoor campus lighting at the Sypek Center and added a Walk-in refrigeration box to the Food Science Lab.

The District continues to invest in network infrastructure upgrades and other site improvements.

#### **Program Initiatives:**

- Expansion of collaborative partnerships to develop student centered programs in higher education, business/industry, and labor and government in order to meet the future demands of the economy and workforce requirements.
- Planning in place for the opening of a Newcomer's Academy.

### 4. **INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining internal controls 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 accounting principles generally accepted in the United States of America as applicable to governmental entities (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 likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal awards and State financial assistance, the District is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control environment, including that portion related to Federal awards and State financial assistance programs, as well as, to determine that the District has complied with applicable laws and regulations.

5. **BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimate. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assigned fund balance at June 30, 2021.

6. **ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect GAAP as promulgated by the GASB. The accounting system of the District is organized on the basis of funds and a government-wide presentation is also included. These funds and government-wide statements 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 the 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. **DEBT ADMINISTRATION:**

At June 30, 2021, the District had no outstanding debt other than obligations under capital leases.

9. **CASH MANAGEMENT:**

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

10. **RISK MANAGEMENT:**

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

11. **OTHER INFORMATION:**

**Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm Wiss and Company, LLP. In addition to meeting the requirements set forth in state statutes, the audit was also 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 footnotes, combining and individual fund statements and schedules is 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, 2014 through 2020 and was granted the award. In order to be awarded this certificate, the District published an easily readable and efficiently organized Comprehensive Annual Financial Report and satisfied both generally accepted accounting principles and applicable legal requirements.

We believe that our current 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.

12. **COVID-19 PANDEMIC:**

Mercer County Technical Schools 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. The District continues to comply with local, state and federal mandates with respect to the pandemic. 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.

13. **ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the Area Vocational-Technical Schools of Mercer County Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the 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 the financial staff.

Respectfully submitted:

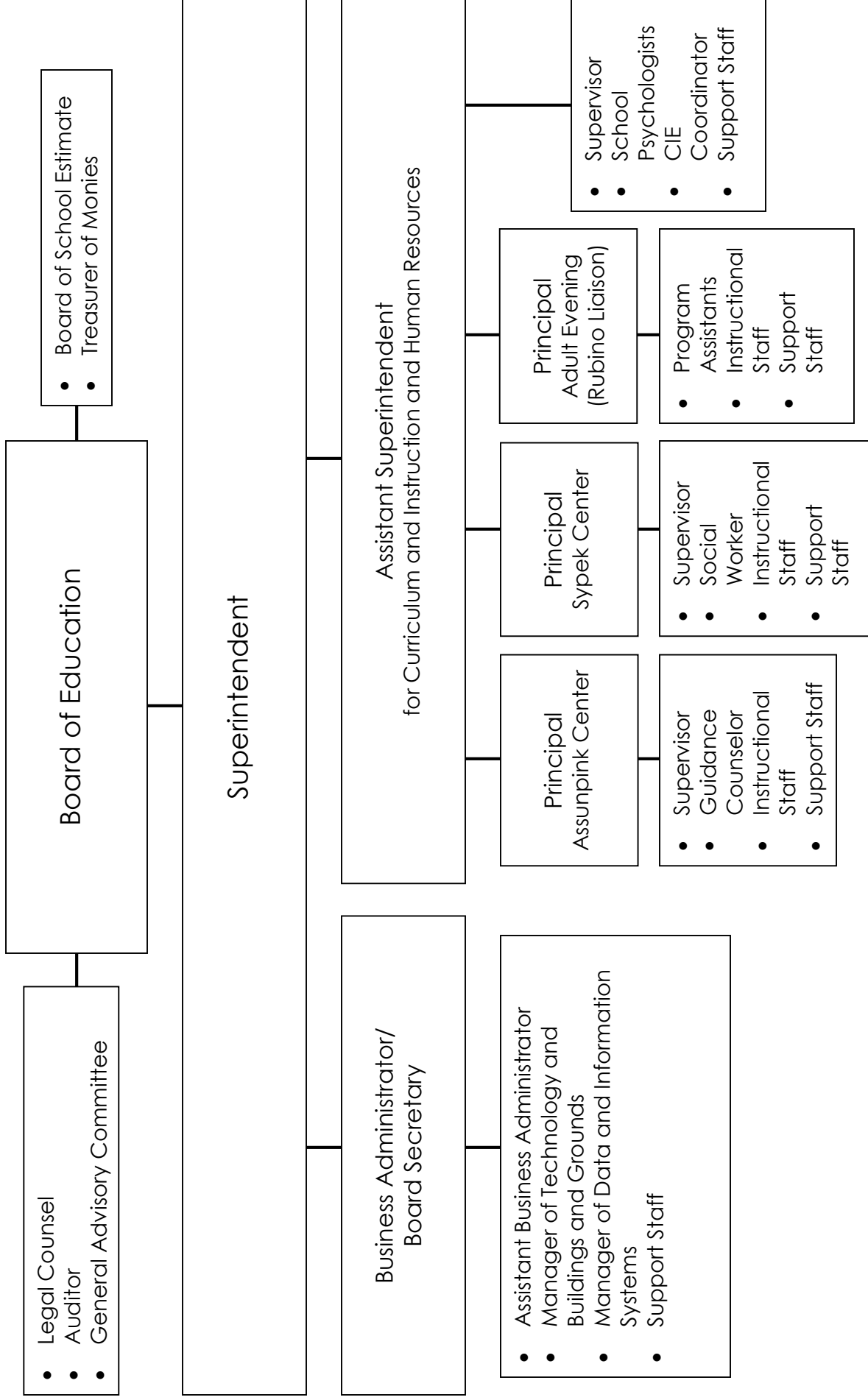


Dr. James A. Fazzone  
Interim Superintendent



Deborah Donnelly  
Business Administrator/Board Secretary

# Mercer County Technical School District



Area Vocational-Technical Schools  
Of Mercer County School District  
Mercer County, New Jersey

Roster of Officials

June 30, 2021

**Members of the Board of Education**

**Term Expires**

|   |      |
|---|------|
| Albert W. Pitman, President   | 2023 |
| Yolanda Stinger, Vice President   | 2024 |
| Michael Sabo  | 2021 |
| Tenille McCoy   | 2023 |
| Norman Glover, Jr.  | 2023 |
| Vacancy   |      |
| Yasmin Hernandez-Manno, Interim Executive County Superintendent of Schools (Ex-Officio) |      |

**Other Officials**

Dr. Kimberly Schneider, Superintendent of Schools–Chief School Administrator  
(retired as of June 30, 2021)  
Dr. James A. Fazzino, Interim Superintendent (effective July 1, 2021)  
Deborah Donnelly, Business Administrator / Board Secretary  
Thomas Venanzi, Treasurer of School Monies



Area Vocational-Technical Schools  
Of Mercer County School District  
Mercer County, New Jersey

Independent Auditors and Advisors

**Independent Auditors**

Wiss and Company, LLP  
100 Campus Drive, Suite 400  
Florham Park, NJ 07932

**Attorneys**

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

**Official Depositories**

New Jersey Cash Management  
PNC Bank  
Investors Bank  
Bank of America



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**Area Vocational-Technical Schools of  
Mercer County 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.



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal  
President

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

David J. Lewis  
Executive Director

# Financial Section



## Independent Auditors' Report

Honorable President and Members  
of the Board of Education  
Area Vocational-Technical Schools of Mercer County School District  
Hamilton, New Jersey  
County of Mercer

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Area-Vocational Technical Schools of Mercer County 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 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.

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 18 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 18 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 accompanying supplementary information, such as the combining and individual fund financial statements,

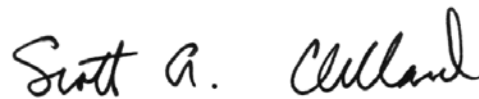
long-term debt schedules and schedules of expenditures of federal awards and state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

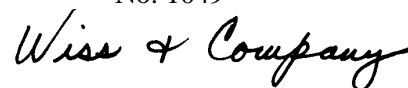
In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and 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

Florham Park, New Jersey  
February 14, 2022

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

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021

Management's Discussion and Analysis (MD&A) of the Area Vocational-Technical Schools of Mercer County 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 financial statements, notes to the basic financial statements and additional information in the transmittal letter to enhance their understanding of the District's financial performance.

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

### **Financial Highlights**

Key financial highlights for 2021 are as follows:

- ◆ In total, net position increased by \$1,888,431 from 2020.
- ◆ Total assets of governmental activities increased by \$790,192. Deferred outflow of resources decreased \$45,892 as 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 of GASB Statement No. 68*.
- ◆ Total liabilities of governmental activities decreased by \$996,953, which was largely related to a decrease in the net pension liability of \$185,973 at June 30, 2021. This was in addition to a decrease in non-current liabilities of \$775,012 due to principal payments on capital leases made by the District.
- ◆ General revenues accounted for \$13,184,495 of revenue or 66.7% of all revenues. Program specific revenues in the form of tuition and other fees accounted for \$6,591,371 or 33.3% of total revenues of \$19,775,866.
- ◆ Total expenses for all programs was \$17,887,435, including expenses of \$1,928,604 for allocated depreciation.
- ◆ The General Fund had \$15,913,956 in revenues and \$13,819,022 in expenditures. The General Fund's fund balance increased \$2,337,288 from 2020.
- ◆ The activity in the Special Revenue Fund increased from the prior year, experiencing a decrease in revenue from state sources of \$65,610 and an increase from federal sources of



\$191,417 due to funds received from the federal government related to the COVID-19 pandemic.

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

This annual report consists of a series of basic financial statements and notes to those basic statements. These statements are organized so the reader can understand the Area Vocational-Technical Schools of Mercer County 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 (3) 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 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 Area Vocational-Technical Schools of Mercer County School District, the General Fund is by far the most significant fund.

While this document contains the large 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 helps answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources 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 (2) statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, 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 property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District has the following distinct kinds of activity:

- ◆ Governmental Activities – All of the District's programs and services, aside from the District's operation of its alternative high school, are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- ◆ Business-Type Activities – All revenues and expenses pertaining to the operation of the Rubino Academy, the District’s alternative high school, is reported here.

The government-wide financial statements are Schedules A-1 and A-2.

## **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 (2) categories: governmental funds and proprietary funds. The fund financial statements are utilized for District financial decision making.

### **Governmental Funds**

The District’s activities are 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 the reader 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 (3) 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 supplementary information for the 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 main operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$441,091, while total fund balance was \$8,720,651. The fund balance increased \$2,337,288 during the current fiscal year primarily due to an increase in tuition and other revenue sources and a decrease in expenditures related to special schools.

## **Special Revenue Fund**

The special revenue fund is the fund that accounts for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. During the current fiscal year, the District expended \$598,012 from federal sources and \$107,850 from state sources.

## **Capital Projects Fund**

The District uses the capital projects fund to account for financial resources to be used for the acquisition or construction of major capital projects (other than those financed by proprietary funds). During the current fiscal year, the District expended \$154,876 for improvements to both the Assunpink and Sypek Centers.

## **Enterprise Fund**

The District maintains one enterprise fund, which is a proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its Alternative High School, the Rubino Academy, which is considered to be a major fund of the District. 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 32 through 70 of this report.

## **Other Information**

The required supplementary information and combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements. Required supplementary information and combining and individual fund statements and schedules can be found on pages 76 through 92 of this report.

## **The School District as a Whole**

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 increase and decrease of compensated absences and capital leases, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary of the District’s net position as of June 30, 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         | \$ 9,269,554  | \$ 7,176,292  | \$ 39,996     | \$ 14,712 | \$ 9,309,550  | \$ 7,191,004  |
| Capital assets, net              | 26,173,037    | 27,476,107    |               |           | 26,173,037    | 27,476,107    |
| Total assets                     | 35,442,591    | 34,652,399    | 39,996        | 14,712    | 35,482,587    | 34,667,111    |
| Deferred Outflow of Resources    | 1,057,843     | 1,103,735     |               |           | 1,057,843     | 1,103,735     |
| Current liabilities and other    | 1,407,762     | 1,443,730     | 39,996        | 14,712    | 1,447,758     | 1,458,442     |
| Net pension liability            | 4,629,364     | 4,815,337     |               |           | 4,629,364     | 4,815,337     |
| Long-term liabilities            | 4,867,162     | 5,642,174     |               |           | 4,867,162     | 5,642,174     |
| Total liabilities                | 10,904,288    | 11,901,241    | 39,996        | 14,712    | 10,944,284    | 11,915,953    |
| Deferred Inflows of Resources    | 2,721,314     | 3,031,191     |               |           | 2,721,314     | 3,031,191     |
| Net position:                    |               |               |               |           |               |               |
| Net investment in capital assets | 20,929,988    | 21,452,163    |               |           | 20,929,988    | 21,452,163    |
| Restricted                       | 8,291,938     | 5,880,870     |               |           | 8,291,938     | 5,880,870     |
| Unrestricted (deficit)           | (6,347,094)   | (6,509,321)   |               |           | (6,347,094)   | (6,509,321)   |
| Total net position               | \$ 22,874,832 | \$ 20,823,712 | \$ -          | \$ -      | \$ 22,874,832 | \$ 20,823,712 |

Total governmental activities assets increased from the prior year by \$790,192 mainly attributable to the increase in cash and cash equivalents in FY21 compared to the prior year.

Total governmental activities liabilities decreased by \$996,953. The District’s long-term liabilities decreased \$775,012 and current and other liabilities remained in line with prior year, decreasing \$10,684. The decrease in long-term liabilities is due to the District making annual principal payments on capital leases. The net pension liability decreased by \$185,973, deferred outflow of resources decreased \$45,892 and deferred inflow of resources decreased by \$309,877 all of which are 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 of GASB Statement No. 68*.

Unrestricted net position (deficit), the part of net position that can be used to finance day-to day activities, without constraints, established by grants or legal requirements of the District, decreased by \$162,227. The net position for Business-Type Activities is zero at June 30, 2021.

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

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

|   | Governmental<br>Activities |               | Business-type<br>Activities |              | Total         |               |
|---|----------------------------|---------------|-----------------------------|--------------|---------------|---------------|
|   | 2021                       | 2020          | 2021                        | 2020         | 2021          | 2020          |
| Revenues:   |                            |               |                             |              |               |               |
| Program revenues:   |                            |               |                             |              |               |               |
| Charges for services  | \$ 3,967,572               | \$ 4,027,333  | \$ 1,761,434                | \$ 1,979,472 | \$ 5,729,006  | \$ 6,006,805  |
| Operating grants and contributions                              | 707,489                    | 580,055       |                             |              | 707,489       | 580,055       |
| Capital grants and contributions                                | 154,876                    | 781,396       |                             |              | 154,876       | 781,396       |
| General revenues:   |                            |               |                             |              |               |               |
| County Appropriation/Taxes                                      | 7,176,157                  | 7,176,157     |                             |              | 7,176,157     | 7,176,157     |
| State and Federal Sources                                       | 5,750,282                  | 4,613,105     |                             |              | 5,750,282     | 4,613,105     |
| Miscellaneous   | 258,056                    | 398,727       |                             |              | 258,056       | 398,727       |
| Total revenues  | 18,014,432                 | 17,576,773    | 1,761,434                   | 1,979,472    | 19,775,866    | 19,556,245    |
| Expenses:   |                            |               |                             |              |               |               |
| Instructional services  | 7,381,597                  | 6,952,163     | 1,761,434                   | 1,979,472    | 9,143,031     | 8,931,635     |
| Support services  | 7,918,544                  | 7,096,682     |                             |              | 7,918,544     | 7,096,682     |
| Special schools   | 622,761                    | 1,027,344     |                             |              | 622,761       | 1,027,344     |
| Interest on long term obligations                               | 203,099                    | 231,693       |                             |              | 203,099       | 231,693       |
| Total expenses  | 16,126,001                 | 15,307,882    | 1,761,434                   | 1,979,472    | 17,887,435    | 17,287,354    |
| Change in net position  | 1,888,431                  | 2,268,891     |                             |              | 1,888,431     | 2,268,891     |
| Net position – beginning (retroactively adjusted - see note 18) | 20,986,401                 | 18,554,821    |                             |              | 20,986,401    | 18,554,821    |
| Net position – ending   | \$ 22,874,832              | \$ 20,823,712 | \$ -                        | \$ -         | \$ 22,874,832 | \$ 20,823,712 |

Charges for services include tuition and registration fees for full-time academies, shared-time programs, and alternative school. The decrease in tuition for Business-type Activities is mainly attributable to decreased enrollment at the Rubino Academy.

County Appropriations/Taxes remained comparable.

**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>Revenues</u> | <u>Amount</u>        | <u>Percent of Total</u> | <u>(Decrease) Increase from 2020</u> | <u>Percent of (Decrease) Increase</u> |
|-----------------|----------------------|-------------------------|--------------------------------------|---------------------------------------|
| Local sources   | \$ 11,403,408        | 68.6%                   | \$ (198,809)                         | -1.7%                                 |
| State sources   | 4,627,148            | 27.8                    | 341,649                              | 8.0%                                  |
| Federal sources | 598,012              | 3.6                     | 191,417                              | 47.1%                                 |
| <b>Total</b>    | <b>\$ 16,628,568</b> | <b>100.0%</b>           | <b>\$ 334,257</b>                    | <b>2.1%</b>                           |

The decrease in the local sources was mainly attributable to the decrease in enrollment and general tuition fees. Federal sources increased primarily due to the District receiving more grant funds. The increase in State sources is primarily attributable to an increase in state aid. The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the year ended June 30, 2021, and the amount and percentage of increases (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>Increase (Decrease) From 2020</u> | <u>Percent of Increase (Decrease)</u> |
|-------------------------------|----------------------|-------------------------|--------------------------------------|---------------------------------------|
| Current:                      |                      |                         |                                      |                                       |
| Instruction                   | \$ 4,134,343         | 28.4                    | \$ 84,869                            | 2.1%                                  |
| Support services              | 8,478,223            | 58.3                    | 389,770                              | 4.8                                   |
| Capital outlay                | 461,991              | 3.2                     | (485,539)                            | (51.2)                                |
| Debt service – capital leases | 997,978              | 6.9                     | (175,784)                            | (15.0)                                |
| Special schools               | 463,493              | 3.2                     | (297,714)                            | (39.1)                                |
| <b>Total</b>                  | <b>\$ 14,536,028</b> | <b>100.0%</b>           | <b>\$ (484,398)</b>                  | <b>-3.2%</b>                          |

Instruction and support services had a slight increase from the prior year due to the increase in expenses due to the pandemic. The decrease in capital outlay is mainly attributed to several projects being completed in the 2021 fiscal year and no new projects commencing.

### Capital Assets

At the end of fiscal years 2021 and 2020, the District had \$26,173,037 and \$27,476,107, respectively, invested in a broad range of capital assets, including construction in progress, buildings, furniture, vehicles, instructional equipment and other equipment. This amount is net of accumulated depreciation. Increases during the year represent additions to those categories, while decreases represent retirement of assets during the year, and depreciation of depreciable assets for the year. The table below shows the net book value of governmental activities capital assets at the end of the 2021 and 2020 fiscal years.

#### Capital Assets (Net of Depreciation)

|                                     | <u>2021</u>          | <u>2020</u>          |
|-------------------------------------|----------------------|----------------------|
| Construction in Progress            | \$ 5,000             | \$ 250,342           |
| Buildings and Building Improvements | 24,281,681           | 25,307,150           |
| Machinery and Equipment             | <u>1,886,356</u>     | <u>1,918,615</u>     |
| Total                               | <u>\$ 26,173,037</u> | <u>\$ 27,476,107</u> |

During the current fiscal year, \$625,534 of capital assets were capitalized as net additions. Increases in capital assets were offset by depreciation expense for the year and \$76,664 of retirements. The District's capital additions for the 2020-21 fiscal year included the culinary kitchen, site improvements and renovations to office suites to the Sypek Center. For additional information on capital assets, see Note 4 to the Basic Financial Statements.

### Long Term Debt/Liabilities

The District maintains a liability for vested compensated absences which is recorded in the government-wide financial statements. This liability is attributable to unused sick and vacation time that is due to employees at retirement or termination. Of the \$457,833 and \$427,847 liabilities at June 30, 2021 and 2020, respectively, \$12,410 and \$28,722 are due within one year, respectively.

In July 2011, the District entered into a long-term capital lease to obtain funding sources for an Energy Savings Improvement Plan (ESIP). The lease agreement requires the District to make annual principal and interest payments from its general fund budget. Of the \$5,220,000 liability at June 30, 2021, \$810,000 is due within one year.

In July 2018, the District entered into a long-term capital lease to obtain funding sources for the purchase of buses. The lease agreement requires the District to make annual principal and interest

payments from its general fund budget. Of the \$23,049 liability at June 30, 2021, \$11,310 is due within one year.

The following table presents the balances of long-term liabilities as of June 30, 2021 and 2020 for governmental activities:

| <b>Governmental Activities</b> |                     |                     |
|--------------------------------|---------------------|---------------------|
|                                | <b>2021</b>         | <b>2020</b>         |
| Compensated Absences Payable   | \$ 457,833          | \$ 427,847          |
| ESIP Capital Lease             | 5,220,000           | 5,990,000           |
| 2018-19 Capital Leases         | 23,049              | 33,944              |
| Total                          | <b>\$ 5,700,882</b> | <b>\$ 6,451,791</b> |

For additional information on Long Term Debt, see Note 5 to the Basic Financial Statements.

### **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. During the course of the year, the District revises its budget as it attempts to take into consideration unexpected changes in revenues and expenditures. A schedule showing the District’s original and final budget compared with actual operating results is provided in Section C of the CAFR, entitled Budgetary Comparison Schedule. Both the revenues and expenditures were adjusted for \$1,624,826 of non-budgeted amounts reflected in the comparison schedule for reimbursed TPAF social security contributions, on-behalf TPAF pension contributions, TPAF post retirement medical contributions and TPAF non-contributory insurance contributions.

Budgetary transfers were made between budgetary line items and approved by the Board for various reasons. No significant transfers were made in FY21.

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

For the 2020-21 school year, the Area Vocational-Technical Schools of Mercer County School District was able to sustain its general operating budget through the County Aid Levy, State Education Aid and Local Revenue Sources. Approximately 28% of the District’s general fund revenue was from State Aid (Restricted and Not Restricted), while 45% of total general fund revenue was from the County Tax Levy. The balance of the general fund revenue was comprised of Tuition, Registration Fees and Miscellaneous Income.

The 2020-21 budget was adopted on May 26, 2020 by the County Commissioners. The District anticipates an increase in enrollment for the 2021-22 fiscal year but, due to the elective nature of its programs, the District cannot accurately forecast future enrollment.

The District considered the effects of the COVID-19 pandemic on its operations and believes it has a plan in place to address the impact in the 2021-22 fiscal year and beyond.



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

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Dr. James A. Fazzone, Interim Superintendent at the Board of Education Area Vocational-Technical Schools of Mercer County, 1085 Old Trenton Road, Trenton, New Jersey 08690. Also, please visit our website to learn more about our District at [www.mcts.edu](http://www.mcts.edu).

## 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.

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2021

|                                      | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>         |
|--------------------------------------|------------------------------------|-------------------------------------|----------------------|
| <b>Assets</b>                        |                                    |                                     |                      |
| Cash and Cash Equivalents            | \$ 7,753,148                       |                                     | \$ 7,753,148         |
| Accounts Receivable                  | 1,218,616                          | \$ 337,786                          | 1,556,402            |
| Internal Balances                    | 297,790                            | (297,790)                           | -                    |
| Capital Assets, Non-Depreciable      | 5,000                              |                                     | 5,000                |
| Capital Assets, Depreciable, Net     | 26,168,037                         |                                     | 26,168,037           |
| Total Assets                         | <u>35,442,591</u>                  | <u>39,996</u>                       | <u>35,482,587</u>    |
| <b>Deferred Outflow of Resources</b> |                                    |                                     |                      |
| Pension Deferrals                    | 1,057,843                          |                                     | 1,057,843            |
| Total Deferred Outflow of Resources  | <u>1,057,843</u>                   |                                     | <u>1,057,843</u>     |
| <b>Liabilities</b>                   |                                    |                                     |                      |
| Accounts Payable                     | 440,418                            | 39,996                              | 480,414              |
| Accrued Interest Payable             | 92,951                             |                                     | 92,951               |
| Unearned Revenue                     | 40,673                             |                                     | 40,673               |
| Net Pension Liability                | 4,629,364                          |                                     | 4,629,364            |
| Noncurrent Liabilities:              |                                    |                                     |                      |
| Due Within One Year                  | 833,720                            |                                     | 833,720              |
| Due Beyond One Year                  | 4,867,162                          |                                     | 4,867,162            |
| Total Liabilities                    | <u>10,904,288</u>                  | <u>39,996</u>                       | <u>10,944,284</u>    |
| <b>Deferred Inflows of Resources</b> |                                    |                                     |                      |
| Pension Deferrals                    | 2,721,314                          |                                     | 2,721,314            |
| Total Deferred Inflows of Resources  | <u>2,721,314</u>                   |                                     | <u>2,721,314</u>     |
| <b>Net Position</b>                  |                                    |                                     |                      |
| Net Investment in Capital Assets     | 20,929,988                         |                                     | 20,929,988           |
| Restricted For:                      |                                    |                                     |                      |
| Capital Projects                     | 316,665                            |                                     | 316,665              |
| Excess Surplus - Current Year        | 2,251,372                          |                                     | 2,251,372            |
| Excess Surplus - Prior Year          | 1,345,507                          |                                     | 1,345,507            |
| Capital Reserve                      | 4,213,927                          |                                     | 4,213,927            |
| Unemployment Compensation            | 130,036                            |                                     | 130,036              |
| Scholarships                         | 8,269                              |                                     | 8,269                |
| Student Activities                   | 26,162                             |                                     | 26,162               |
| Unrestricted (Deficit)               | (6,347,094)                        |                                     | (6,347,094)          |
| Total Net Position                   | <u>\$ 22,874,832</u>               | <u>\$ -</u>                         | <u>\$ 22,874,832</u> |

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

| Functions/Programs  | Expenses             | Program Revenues        |  | Net (Expenses) Revenues and<br>Changes in Net Position |                            | Total                |
|---|----------------------|-------------------------|--|--|----------------------------|----------------------|
|   |                      | Charges For<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions                 | Governmental<br>Activities |                      |
| <b>Governmental Activities:</b>                                 |                      |                         |  |  |                            |                      |
| Instruction:  |                      |                         |  |  |                            |                      |
| Regular   | \$ 5,196,261         | \$ 3,098,895            | \$ 251,213                               |  | \$ (1,846,153)             | \$ (1,846,153)       |
| Special Education   | 2,185,336            | 772,562                 | 106,096                                  |  | (1,306,678)                | (1,306,678)          |
| Support Services:   |                      |                         |  |  |                            |                      |
| Student and Instruction Related Services                        | 2,746,409            | 7,123                   | 350,180                                  |  | (2,389,106)                | (2,389,106)          |
| General Administrative Services                                 | 868,408              |                         |  |  | (868,408)                  | (868,408)            |
| School Administrative Services                                  | 951,740              |                         |  |  | (951,740)                  | (951,740)            |
| Central Administrative Services                                 | 663,310              |                         |  |  | (663,310)                  | (663,310)            |
| Administrative Information Technology                           | 800,930              |                         |  |  | (800,930)                  | (800,930)            |
| Plant Operations and Maintenance                                | 1,883,509            |                         |  | \$ 154,876   | (1,728,633)                | (1,728,633)          |
| Pupil Transportation  | 4,238                |                         |  |  | (4,238)                    | (4,238)              |
| Interest on Long-Term Obligations                               | 203,099              |                         |  |  | (203,099)                  | (203,099)            |
| Special Schools   | 622,761              | 88,992                  |  |  | (533,769)                  | (533,769)            |
| Total Governmental Activities                                   | <u>16,126,001</u>    | <u>3,967,572</u>        | <u>707,489</u>                           | <u>154,876</u>   | <u>(11,296,064)</u>        | <u>(11,296,064)</u>  |
| <b>Business-type Activities:</b>                                |                      |                         |  |  |                            |                      |
| Rubino Academy  | <u>1,761,434</u>     | <u>1,761,434</u>        |  |  |                            |                      |
| Total Business-type Activities                                  | <u>1,761,434</u>     | <u>1,761,434</u>        |  |  |                            |                      |
| Total Primary Government  | <u>\$ 17,887,435</u> | <u>\$ 5,729,006</u>     | <u>\$ 707,489</u>                        | <u>\$ 154,876</u>                                      | <u>(11,296,064)</u>        | <u>(11,296,064)</u>  |
| General Revenues:   |                      |                         |  |  |                            |                      |
|   |                      |                         |  |  | 7,176,157                  | 7,176,157            |
|   |                      |                         |  |  | 5,750,282                  | 5,750,282            |
|   |                      |                         |  |  | 2,458                      | 2,458                |
|   |                      |                         |  |  | 255,598                    | 255,598              |
| Total General Revenues  |                      |                         |  |  | <u>13,184,495</u>          | <u>13,184,495</u>    |
| Changes in Net Position   |                      |                         |  |  | 1,888,431                  | 1,888,431            |
| Net Position - Beginning (retroactively adjusted - see note 18) |                      |                         |  |  | 20,986,401                 | 20,986,401           |
| Net Position - Ending   |                      |                         |  |  | <u>\$ 22,874,832</u>       | <u>\$ 22,874,832</u> |

## Fund Financial Statements

## Governmental Funds

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2021

|  | Major Funds         |                            |                             | Total<br>Governmental<br>Funds |
|--|---------------------|----------------------------|-----------------------------|--------------------------------|
|  | General<br>Fund     | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund |                                |
| <b>Assets</b>  |                     |                            |                             |                                |
| Cash and Cash Equivalents  | \$ 7,174,505        | \$ 34,431                  | \$ 544,212                  | \$ 7,753,148                   |
| Interfund Receivable   | 707,594             |                            |                             | 707,594                        |
| Accounts Receivable:   |                     |                            |                             |                                |
| State  | 13,439              | 49,453                     |                             | 62,892                         |
| Federal  |                     | 141,849                    |                             | 141,849                        |
| Other  | 929,351             |                            | 84,524                      | 1,013,875                      |
| Total Assets   | <u>\$ 8,824,889</u> | <u>\$ 225,733</u>          | <u>\$ 628,736</u>           | <u>\$ 9,679,358</u>            |
| <b>Liabilities, deferred Inflows of Resources and Fund Balances</b>          |                     |                            |                             |                                |
| Liabilities:   |                     |                            |                             |                                |
| Accounts Payable   | \$ 19,284           | \$ 23,852                  | \$ 31,044                   | \$ 74,180                      |
| Interfund Payable  |                     | 167,450                    | 242,354                     | 409,804                        |
| Payroll Deductions and Withholdings Payable                                  | 75,945              |                            |                             | 75,945                         |
| Unemployment Compensation Claims Payable                                     | 7,009               |                            |                             | 7,009                          |
| Unearned Revenue   | 2,000               |                            | 38,673                      | 40,673                         |
| Total Liabilities  | <u>104,238</u>      | <u>191,302</u>             | <u>312,071</u>              | <u>607,611</u>                 |
| Fund Balances:   |                     |                            |                             |                                |
| Restricted for:  |                     |                            |                             |                                |
| Excess Surplus - current year  | 2,251,372           |                            |                             | 2,251,372                      |
| Prior Year Excess Surplus - Designated<br>for Subsequent Year's Expenditures | 1,345,507           |                            |                             | 1,345,507                      |
| Capital Reserve  | 4,213,927           |                            |                             | 4,213,927                      |
| Unemployment Compensation Reserve  | 130,036             |                            |                             | 130,036                        |
| Scholarship  |                     | 8,269                      |                             | 8,269                          |
| Student Activities   |                     | 26,162                     |                             | 26,162                         |
| Capital Projects   |                     |                            | 316,665                     | 316,665                        |
| Assigned to:   |                     |                            |                             |                                |
| Other Purposes   | 338,718             |                            |                             | 338,718                        |
| Unassigned   | 441,091             |                            |                             | 441,091                        |
| Total Fund Balances  | <u>8,720,651</u>    | <u>34,431</u>              | <u>316,665</u>              | <u>9,071,747</u>               |
| Total Liabilities and Fund Balances  | <u>\$ 8,824,889</u> | <u>\$ 225,733</u>          | <u>\$ 628,736</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 \$55,072,037 and the accumulated depreciation is \$28,899,000 (See Note 4).                        | 26,173,037           |
| Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.  | (1,663,471)          |
| Accrued interest on long - term liabilities is not due and payable in the current period and therefore is not reported as a liability in the funds.   | (92,951)             |
| Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.   | (4,629,364)          |
| 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. | (283,284)            |
| Long-term liabilities, including compensated absences and principal on long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 5).  | <u>(5,700,882)</u>   |
| Net Position of Governmental Activities   | <u>\$ 22,874,832</u> |



AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year ended June 30, 2021

|  | Major Funds     |                            |                             | Total<br>Governmental<br>Funds |
|--|-----------------|----------------------------|-----------------------------|--------------------------------|
|  | General<br>Fund | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund |                                |
| <b>Revenues:</b>   |                 |                            |                             |                                |
| Local Sources:   |                 |                            |                             |                                |
| County Appropriation/Tax Levy                              | \$ 7,176,157    |                            |                             | \$ 7,176,157                   |
| Tuition from Individuals                                   | 63,866          |                            |                             | 63,866                         |
| Tuition From Other LEA's                                   | 3,627,825       |                            |                             | 3,627,825                      |
| Non-Resident Fees  | 179,766         |                            |                             | 179,766                        |
| Interest   | 2,458           |                            |                             | 2,458                          |
| Miscellaneous  | 344,586         | \$ 8,750                   | \$ 154,876                  | 508,212                        |
| Total - Local Sources                                      | 11,394,658      | 8,750                      | 154,876                     | 11,558,284                     |
| State Sources  | 4,519,298       | 107,850                    |                             | 4,627,148                      |
| Federal Sources  |                 | 598,012                    |                             | 598,012                        |
| Total Revenues   | 15,913,956      | 714,612                    | 154,876                     | 16,783,444                     |
| <b>Expenditures:</b>                                       |                 |                            |                             |                                |
| Current:   |                 |                            |                             |                                |
| Regular Vocational - Instruction                           | 2,682,379       | 251,213                    |                             | 2,933,592                      |
| Special Vocational - Instruction                           | 1,094,655       | 106,096                    |                             | 1,200,751                      |
| Support Services:  |                 |                            |                             |                                |
| Student and Instruction Related Services                   | 1,293,659       | 249,042                    |                             | 1,542,701                      |
| General Administration                                     | 535,015         |                            |                             | 535,015                        |
| School Administration                                      | 517,656         |                            |                             | 517,656                        |
| Central Services   | 373,903         |                            |                             | 373,903                        |
| Administrative Information Technology                      | 540,279         |                            |                             | 540,279                        |
| Plant Operations and Maintenance                           | 1,220,509       |                            |                             | 1,220,509                      |
| Pupil Transportation                                       | 3,480           |                            |                             | 3,480                          |
| Unallocated Benefits                                       | 2,119,854       |                            |                             | 2,119,854                      |
| On-behalf TPAF FICA and Pension                            | 1,624,826       |                            |                             | 1,624,826                      |
| Special Schools  | 463,493         |                            |                             | 463,493                        |
| Capital Outlay   | 351,336         | 110,655                    | 154,876                     | 616,867                        |
| Debt Service:  |                 |                            |                             |                                |
| Principal  | 780,895         |                            |                             | 780,895                        |
| Interest   | 217,083         |                            |                             | 217,083                        |
| Total Expenditures   | 13,819,022      | 717,006                    | 154,876                     | 14,690,904                     |
| <b>Other Financing Sources (Uses):</b>                     |                 |                            |                             |                                |
| Transfers in   | 242,354         |                            |                             | 242,354                        |
| Transfers out  |                 |                            | (242,354)                   | (242,354)                      |
| Total Other Financing Sources (Uses)                       | 242,354         | -                          | (242,354)                   | -                              |
| Net Change in Fund Balances                                | 2,337,288       | (2,394)                    | (242,354)                   | 2,092,540                      |
| Fund Balance, July 1 (retroactively adjusted- see note 18) | 6,383,363       | 36,825                     | 559,019                     | 6,979,207                      |
| Fund Balance, June 30                                      | \$ 8,720,651    | \$ 34,431                  | \$ 316,665                  | \$ 9,071,747                   |

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

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY 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 (B-2)  | \$ |                | 2,092,540               |
| Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:  |    |                |                         |
| <p>Capital additions for capital assets 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  | \$ | (1,928,604)    |                         |
| Capital Asset Additions   |    | <u>625,534</u> | (1,303,070)             |
| <p>In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is recorded when due. The decrease in accrued interest from the prior year is an addition to the reconciliation.</p>  |    |                |                         |
|   |    |                | 13,984                  |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Change in pension deferrals and net pension liability</p>  |    |                |                         |
|   |    |                | 334,068                 |
| <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> |    |                |                         |
|   |    |                | (29,986)                |
| <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>  |    |                |                         |
|   |    |                | <u>780,895</u>          |
| Change in Net Position of Governmental Activities (A-2)   | \$ |                | <u><u>1,888,431</u></u> |

## Proprietary Fund

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
PROPRIETARY FUND

STATEMENT OF NET POSITION

June 30, 2021

|                             | Major Enterprise Fund<br>Rubino Academy |
|-----------------------------|---|
| Assets                      |   |
| Current Assets:             |   |
| Accounts Receivable - Other | \$ 337,786                              |
| Total Assets                | 337,786                                 |
| Liabilities                 |   |
| Current Liabilities:        |   |
| Accounts Payable            | 39,996                                  |
| Interfund Payable           | 297,790                                 |
| Total Liabilities           | 337,786                                 |
| Net Position                |   |
| Unrestricted                | -                                       |
| Total Net Position          | \$ -                                    |

*See accompanying notes to the basic financial statements.*

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION

Year ended June 30, 2021

|  | Major Enterprise Fund<br>Rubino Academy |
|--|---|
| Operating Revenues:                            |   |
| Tuition  | \$ 1,761,434                            |
| Total Operating Revenues                       | 1,761,434                               |
| Operating Expenses:                            |   |
| Purchased Professional - Educational Services  | 1,406,184                               |
| Rental   | 355,250                                 |
| Total Operating Expenses                       | 1,761,434                               |
| Operating Income and Change in<br>Net Position | -                                       |
| Total Net Position-Beginning                   | -                                       |
| Total Net Position-Ending                      | \$ -                                    |

*See accompanying notes to the basic financial statements.*

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
PROPRIETARY FUND

STATEMENT OF CASH FLOWS

Year ended June 30, 2021

|   | Major Enterprise Fund<br>Rubino Academy |
|---|---|
| <b>Cash flows from operating activities:</b>  |   |
| Receipts from customers   | \$ 2,024,388                            |
| Payments to suppliers   | (1,736,150)                             |
| Net cash provided by operating activities   | 288,238                                 |
| <b>Cash flows from non-capital financing activity:</b>                                  |   |
| Advances to other funds   | (288,238)                               |
| Net cash used for non-capital financing activity  | (288,238)                               |
| Net change in cash and cash equivalents   | -                                       |
| Cash and cash equivalents, beginning of year  | -                                       |
| Cash and cash equivalents, end of year  | \$ -                                    |
| <b>Reconciliation of operating income to net cash provided by operating activities</b>  |   |
| Operating income  | \$ -                                    |
| Adjustments to reconcile operating income to net cash provided by operating activities: |   |
| Decrease in accounts receivable - other   | 91,494                                  |
| Decrease in other assets  | 171,460                                 |
| Increase in accounts payable  | 25,284                                  |
| Net cash provided by operating activities   | \$ 288,238                              |

*See accompanying notes to the basic financial statements.*

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements

Year ended June 30, 2021

**1. Summary of Significant Accounting Policies**

The financial statements of the Area Vocational-Technical Schools of Mercer County 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 a Type I school district located in Mercer County, New Jersey. 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 four year terms by the Mercer County Board of Chosen Freeholders, as well as, the Executive County Superintendent of Schools (statutory member). The operations of the District include two Vocational-Technical Schools and an Adult Health Career Center. The District is also the Local Educational Authority for an Alternative Education Program located in the Township of Ewing. There are no additional entities required to be included in the reporting entity under the criteria described here.

**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 Area Vocational-Technical Schools of Mercer County 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 on a regulatory-basis of accounting which does not recognize or report component units.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

**A. Reporting Entity (continued)**

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

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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 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 statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. County contribution/tax levy are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities



Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

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

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, net pension liability and capital lease obligations are recorded only when payment is due.

County contribution, interest, and state aid 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 subfund.

*Special Revenue Fund:* The District maintains one special revenue fund which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than 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. The financial resources are derived mainly from approved county funds and capital leases.

The District reports the following major proprietary fund:

*Rubino Academy Enterprise Fund:* The Rubino Academy fund accounts for all revenues and expenses pertaining to the alternative high school's operations. The Rubino Academy enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing services to the students on a continuing basis are financed or recovered primarily through tuition charges.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

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

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

Amounts reported as program revenues include (1) 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.

The enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges for tuition. Operating expenses for the enterprise fund include purchases of professional – educational services and rental expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its statement of net position and balance sheet. 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 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. When an asset is recorded in governmental fund financial statements, but the revenue is not available, the District reports a deferred inflow of resources until such time the revenue becomes available.

**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 and Board of School Estimates for approval. Budgets are prepared using the modified accrual basis of accounting, except the Special Revenue Fund, which follows the budgetary basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. 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

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

**D. Budgets/Budgetary Control (continued)**

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 legally mandated revenue recognition of the last two state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

**E. Cash and Cash Equivalents**

Cash and cash equivalents include petty cash, amounts on deposit, money market accounts, 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 usually one to 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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

**H. Capital Assets**

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

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

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

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

**I. 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 are paid by the District for the unused sick time in accordance with the District’s agreements with the various employee unions.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

**I. Compensated Absences (continued)**

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 District 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 \$457,833.

**J. Unearned Revenue**

Unearned revenue in the general fund represents cash receipts received from tuition for future classes that have been received in advance. Unearned revenue in the capital projects fund represents cash receipts received from the State of New Jersey School Development Authority in excess of the state share of the state approved project for mechanical, electrical, security and general construction improvements and alterations to the Sypek Center Vocational School and Assunpink Center Vocational School at June 30, 2021.

**K. 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 element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods 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 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.

**L. Long-Term Obligations**

Bonds are issued by the County pursuant to the provisions of Title 18A of the State of New Jersey Statutes and are required to be approved by the Mercer County Board of School Estimates. Type I School Bonds are issued by the County of Mercer and the proceeds are recorded in the records of the County. All debt service requirements for Type I School Bonds are provided for in the annual

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

**L. Long-Term Obligations (continued)**

budgets of the County. All bonds are retired in serial instruments within the statutory period of usefulness.

The District has a long-term capital lease related to the Energy Savings Improvement Plan (ESIP) and other capital equipment and bus leases. The lease agreements require the District to make annual principal and interest payments from its general fund budget.

**M. Fund Balances**

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

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government’s highest level of decision-making authority. The District’s highest level of decision-making authority is the Board of Education (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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

**M. Fund Balances (continued)**

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

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

Of the \$8,720,651 of fund balance in the General Fund, \$338,718 are encumbrances assigned to other purposes, \$4,213,927 has been restricted in the capital reserve account, \$2,251,372 has been restricted for excess surplus – current year, \$1,345,507 has been restricted for excess surplus - prior year, \$130,036 has been restricted for the unemployment compensation reserve, and \$441,091 is classified as unassigned.

**N. Calculation of Excess Surplus**

The designation for restricted fund balance - excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve general fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. Excess surplus of \$1,345,507, which was generated during the 2020 fiscal year is being utilized in the 2021-22 budget. The current year excess surplus at June 30, 2021 was \$2,251,372, which will be utilized in the 2022-23 budget.

**O. Net Position**

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

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

**O. Net Position (continued)**

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 pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension and OPEB contributions in the government-wide financial statements have been increased by \$403,651 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

**R. GASB Pronouncements**

**Recently Issued and Adopted Accounting Principles**

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



Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

**R. GASB Pronouncements (continued)**

December 15, 2021. Management has not determined the impact of the Statement on the financial statements.

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 between June 30, 2021 and February 14, 2022, the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying 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, deferrals or reductions in state aid 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 and capital leases are not due and payable in the current period and therefore are not reported in the funds.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**2. Reconciliation of Government-Wide and Fund Financial Statements (continued)**

The details of this \$5,700,882 difference are as follows:

|  |                     |
|--|---------------------|
| Compensated absences   | \$ 457,833          |
| Capital leases   | <u>5,243,049</u>    |
| Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities | <u>\$ 5,700,882</u> |

**3. Deposits and Investments**

Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and Statement No. 72 *Fair Value Measurement and Application*. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value. New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a fair value at last equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

**Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that ensures 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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

**Deposits (continued)**

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

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

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

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

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2021, the District's carrying amount of deposits was \$4,816,000 and the bank balance was \$5,436,088. Of the bank balance, \$276,276 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 \$4,936,114. \$223,698 held in the District agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

**Investments**

New Jersey statutes permit the District to purchase the following types of investments:

- a. Bonds and 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. New Jersey Cash Management Fund and New Jersey Asset and Rebate Management Fund.

**New Jersey Cash Management Fund**

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund (NJCMF) as its sole 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 investment 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 \$2,937,148 and is classified as cash equivalents due to its short-term nature. The debt instruments in the NJCMF are rated by three national rating agencies.

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.

*Custodial Credit Risk:* The District does not have any investments that are exposed to custodial credit risk and does not have a policy for custodial credit risk.

*Credit Risk:* The District does not have any investments exposed to credit risk and does not have an investment policy regarding the management of credit risk.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

**New Jersey Cash Management Fund (continued)**

*Concentration of Credit Risk:* The District places no limit on the amount the District may invest in any one issuer and does not have a policy for limiting the concentration of investments. At June 30, 2021, the District's investments were invested in the NJCMF.

*Interest Rate Risk:* The District does not have a policy to limit interest rate risk. The average maturity of the NJCMF investments is less than one year.

**4. Capital Assets**

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

|  | <b>Beginning<br/>Balance</b> | <b>Increases</b> | <b>Transfers and<br/>Decreases</b> | <b>Ending<br/>Balance</b> |
|--|------------------------------|------------------|------------------------------------|---------------------------|
| Governmental Activities:                     |                              |                  |                                    |                           |
| Capital Assets, Not Being Depreciated:       |                              |                  |                                    |                           |
| Construction in Progress                     | \$ 250,342                   |                  | \$ (245,342)                       | \$ 5,000                  |
| Total Capital Assets, Not Being Depreciated: | 250,342                      |                  | (245,342)                          | 5,000                     |
| Capital Assets, Being Depreciated:           |                              |                  |                                    |                           |
| Buildings and Building Improvements          | 49,476,631                   | \$ 348,222       | 204,201                            | 50,029,054                |
| Machinery and Equipment                      | 4,796,194                    | 277,312          | (35,523)                           | 5,037,983                 |
| Total Capital Assets, Being Depreciated      | 54,272,825                   | 625,534          | 168,678                            | 55,067,037                |
| Less accumulated depreciation for:           |                              |                  |                                    |                           |
| Buildings and Building Improvements          | (24,169,481)                 | (1,577,892)      |                                    | (25,747,373)              |
| Machinery and Equipment                      | (2,877,579)                  | (350,712)        | 76,664                             | (3,151,627)               |
| Total accumulated depreciation               | (27,047,060)                 | (1,928,604)      | 76,664                             | (28,899,000)              |
| Total capital assets being depreciated, net  | 27,225,765                   | (1,303,070)      | 245,342                            | 26,168,037                |
| Governmental activities capital assets, net  | \$ 27,476,107                | \$ (1,303,070)   | \$ -                               | \$ 26,173,037             |

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**4. Capital Assets (continued)**

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

|  |              |
|--|--------------|
| Regular Instruction                      | \$ 638,001   |
| Special Education Instruction            | 261,142      |
| Student and Instruction Related Services | 335,509      |
| General Administrative Services          | 116,356      |
| School Administrative Services           | 112,581      |
| Central Services                         | 81,317       |
| Administrative Information Technology    | 117,501      |
| Plant Operations and Maintenance         | 265,439      |
| Pupil Transportation                     | 758          |
|  | \$ 1,928,604 |

Depreciation expense on assets acquired with capital lease proceeds is included above.

**5. Long-Term Liabilities**

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

|                              | Beginning<br>Balance | Additions | Reductions | Ending<br>Balance | Due Within<br>One Year |
|------------------------------|----------------------|-----------|------------|-------------------|------------------------|
| Governmental Activities:     |                      |           |            |                   |                        |
| Compensated Absences Payable | \$ 427,847           | \$ 43,289 | \$ 13,303  | \$ 457,833        | \$ 12,410              |
| Capital Leases               | 6,023,944            |           | 780,895    | 5,243,049         | 821,310                |
| Subtotal                     | 6,451,791            | 43,289    | 794,198    | 5,700,882         | 833,720                |
| Net Pension Liability        | 4,815,337            |           | 185,973    | 4,629,364         | -                      |
| Governmental Activities      |                      |           |            |                   |                        |
| Total long-term liabilities  | \$ 11,267,128        | \$ 43,289 | \$ 980,171 | \$ 10,330,246     | \$ 833,720             |

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

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

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

**Energy Savings Improvement Plan (Lease)**

The District maintains a capital lease through energy conservation measures and a solar project at a rate of 3.85% pursuant to an Energy Savings Improvement Plan (ESIP). The District has capitalized building and building improvements in an amount of \$11,200,000 as a result of this project. The District is utilizing the savings from the energy plan to make the lease payments to PNC Equipment Finance, LLC.

**School Bus Lease**

The District entered into an \$86,440 capital lease in July 2018 with Santander Bank. The lease is for a four year term expiring in July 2022 and carries an interest rate of 3.80%. The lease was issued for the purchase of a 54-passenger school bus.

Principal and interest due on the capital leases outstanding are as follows:

| Fiscal Year Ending:                         | <u>Amount</u>       |
|---|---------------------|
| 2022  | \$ 1,007,564        |
| 2023  | 956,763             |
| 2024  | 963,200             |
| 2025  | 970,090             |
| 2026  | 980,344             |
| 2027  | <u>993,767</u>      |
| Total minimum lease payments                | 5,871,728           |
| Less amounts representing interest          | <u>(728,359)</u>    |
| Present value of net minimum lease payments | <u>\$ 5,143,369</u> |

**6. Pension Plans**

**Description of Systems**

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

**Teachers' Pension and Annuity Fund**

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

**Public Employee's Retirement System**

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by



Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

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 \$1,351,447 to the TPAF for on-behalf medical, non-contributory insurance and 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 \$273,379 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.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2021, 2020, and 2019 were \$283,284, \$310,553, and \$259,951, 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 \$4,629,364 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

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

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 0.0283881461 percent, which was an increase of 0.0016637144 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized full accrual pension expense of (\$21,166) 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:

|   | <b>Deferred<br/>Outflows<br/>of Resources</b> | <b>Deferred<br/>Inflows<br/>of Resources</b> |
|---|---|--|
| Difference between expected and actual experience   | \$ 84,293                                     | \$ 16,371                                    |
| Changes of assumptions  | 150,182                                       | 1,938,359                                    |
| Net difference between projected and actual earnings<br>on pension plan investments                                 | 158,235                                       |  |
| Changes in proportion and differences between<br>District contributions and proportionate share of<br>contributions | 381,849                                       | 766,584                                      |
| District contributions subsequent to the<br>measurement date  | 283,284                                       |  |
|   | \$ 1,057,843                                  | \$ 2,721,314                                 |

\$283,284 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30:</b> |                |
|----------------------------|----------------|
| 2022                       | \$ (772,288)   |
| 2023                       | (703,612)      |
| 2024                       | (367,460)      |
| 2025                       | (87,548)       |
| 2026                       | (15,847)       |
|                            | \$ (1,946,755) |

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

*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.

*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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

*Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expecting future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic 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:

| <b>Asset Class</b>                | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return</b> |
|-----------------------------------|--------------------------|---|
| U.S. 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%   |
|                                   | <u>100.00%</u>           |   |

*Discount rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

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:

|  | <b>At 1%<br/>Decrease<br/>(6.00%)</b> | <b>At Current<br/>Discount Rate<br/>(7.00%)</b> | <b>At 1%<br/>Increase<br/>(8.00%)</b> |
|--|---------------------------------------|---|---------------------------------------|
| District's proportionate share of<br>the net pension liability | \$ 5,827,597                          | \$ 4,629,364                                    | \$ 3,612,631                          |

*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:

|                                |                   |
|--------------------------------|-------------------|
| Deferred outflows of resources | \$ 2,347,583,337  |
| Deferred inflows of resources  | \$ 7,849,949,467  |
| Net pension liability          | \$ 16,435,616,426 |
| District's Proportion          | 0.0283881461%     |

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, and 2016 is 5.16, 5.21, 5.63, 5.48, 5.57, and 5.72 years, respectively.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

*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, 2021 was \$23,027,589. 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 0.0349704020 percent, which was a decrease of 0.0007327660 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 \$1,431,954 for contributions incurred by the State.

Area Vocational-Technical Schools  
of Mercer County 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 Investments and Division of Pensions and Benefits, the board of

Area Vocational-Technical Schools  
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

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 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:

*Discount Rate*

| <u>Asset Class</u>                | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| U.S. 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%   |
|                                   | <u>100.00%</u>           |   |

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



Area Vocational-Technical Schools  
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

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.

*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:

|   | <b>At 1%<br/>Decrease<br/>(4.40%)</b> | <b>At Current<br/>Discount Rate<br/>(5.40%)</b> | <b>At 1%<br/>Increase<br/>(6.40%)</b> |
|---|---------------------------------------|---|---------------------------------------|
| State's proportionate share of the net pension liability associated with the District | \$ 27,048,600                         | \$ 23,027,589                                   | \$ 19,688,814                         |

*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 | 0.0349704020%     |

Collective pension expense of the Local Group for the plan for the measurement period ended June 30, 2020 is \$4,114,319,534.

Area Vocational-Technical Schools  
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**6. Pension Plans (continued)**

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, and 2015 is 7.99, 8.04, 8.29, 8.30, 8.30, and 8.30 years, respectively.

**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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

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.

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement medical benefits on behalf of the District for the years ended June 30, 2021, 2020 and 2019 were \$322,254, \$289,657, and \$325,182, 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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

*Total OPEB Liability*

The net OPEB liability from New Jersey's plan is \$67,809,962,608.

*Changes in the Total Nonemployer OPEB Liability*

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2021:

|   | Total OPEB Liability |
|---|----------------------|
| Beginning Total OPEB Liability, June 30, 2019       | \$ 18,670,142        |
| Changes for the year:                               |                      |
| Service cost  | 752,787              |
| Interest cost                                       | 671,541              |
| Differences between expected and actual experiences | 3,437,141            |
| Changes in assumptions and other inputs             | 5,152,643            |
| Member contributions                                | 14,885               |
| Benefit payments                                    | (491,079)            |
| Net changes   | 9,537,918            |
| Ending Total OPEB Liability, June 30, 2020          | \$ 28,208,060        |

*Employees covered by benefit terms*

The following employees were covered by the benefit terms:

| Local Education Group   | June 30, 2020 |
|---|---------------|
| 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    | -             |
| Total Plan Members  | 366,108       |

The State, a non-employer 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 OPEB liability on the Statement of Net Position. The State's proportionate share of the OPEB liability associated with the District as of June 30, 2020 was \$28,208,060. Additional

Area Vocational-Technical Schools  
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

information can be obtained from the State of New Jersey's annual comprehensive financial report.

*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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

*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.

*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%<br>decrease<br>(1.21%) | At current<br>discount rate<br>(2.21%) | At 1%<br>increase<br>(3.21%) |
|--|------------------------------|--|------------------------------|
| Total OPEB Liability<br>(Allocable to the District and<br>the responsibility of the State) | \$ 34,006,272                | \$ 28,208,060                          | \$ 23,674,416                |

*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

Area Vocational-Technical Schools  
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

|  | At 1%<br>decrease | At<br>healthcare cost<br>trend rate | At 1%<br>increase |
|--|-------------------|-------------------------------------|-------------------|
| Total OPEB Liability<br>(Allocable to the District and<br>the responsibility of the State) | \$ 22,770,497     | \$ 28,208,060                       | \$ 34,682,989     |

*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 \$1,100,711 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2020 are as follows:

|                                |                      |
|--------------------------------|----------------------|
| Deferred outflows of resources | \$ 24,023,298,802.00 |
| Deferred inflows of resources  | \$ 19,101,933,244.00 |
| Collective OPEB expense        | \$ 3,337,755,596.00  |
| District's Proportion          | 0.05%                |

*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 commercial insurance coverage for property, liability, student accident and

Area Vocational-Technical Schools  
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Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**8. Risk Management (continued)**

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

**New Jersey Unemployment Compensation Insurance**

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method.” Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. 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 related to the District’s unemployment compensation account that are recorded within the general fund for the past three years:

| <u>Fiscal Year</u> | <u>Board<br/>Contributions</u> | <u>Federal<br/>Contributions</u> | <u>Employee<br/>Contributions</u> | <u>Interest on<br/>Investments</u> | <u>Amount<br/>Paid</u> |
|--------------------|--------------------------------|----------------------------------|-----------------------------------|------------------------------------|------------------------|
| 2020-21            |                                |                                  | \$ 12,421                         | \$ 35                              | \$ 8,284               |
| 2019-20            | \$ 140,000                     | \$ 13,493                        | 11,572                            | 117                                | 63,643                 |
| 2018-19            | 63,000                         |                                  | 17,162                            | 113                                | 67,497                 |

**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
- General and Automobile Liability
- Workers’ Compensation
- Educators’ Legal Liability
- Pollution Legal Liability
- Cyber Liability
- Crisis Protection
- Disaster Management



Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**8. Risk Management (continued)**

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

**9. Deferred Compensation**

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457(b). The plans, which are administered by Lincoln Investment Planning, Inc., Met Life, Vanguard and AXA Equitable 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.

**10. Interfund Receivables and Payables**

The total interfund accounts receivables and payables for the District amounted to the following as of June 30, 2021:

| Fund                           | Interfund<br>Receivable | Interfund<br>Payable |
|--------------------------------|-------------------------|----------------------|
| General Fund                   | \$ 707,594              |                      |
| Special Revenue Fund           |                         | \$ 167,450           |
| Capital Projects Fund          |                         | 242,354              |
| Rubino Academy Enterprise Fund |                         | 297,790              |
|                                | \$ 707,594              | \$ 707,594           |

The interfund receivable of \$707,594 in the General Fund is offset with an interfund payable in the Special Revenue Fund for \$167,450, \$242,354 for transfer of funds back to original sources for project close-outs from the Capital Projects Fund, and in the Rubino Academy Enterprise Fund for \$297,790 which represent funds advanced to these funds to cover temporary pooled cash shortages. All interfunds are expected to be repaid within one year.

Area Vocational-Technical Schools  
of Mercer County 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 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. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with its capital projects. The costs associated with the funding received from the NJSDA are subject to final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible requirements, 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 and Coronavirus Relief Fund (CRF). To the extent that the District has not complied with the rules and regulations governing the ESSER and CRF funds, 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 grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

**13. Capital Reserve Account**

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfers by a Board resolution at year end (June 1 and June 30) of any unanticipated revenue or unexpended line item appropriation amounts, or

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

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

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 LRFPP.

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        | \$ 2,712,567        |
| Interest Earnings                      | 1,360               |
| Deposits:                              |                     |
| Approved in June 2021 Board Resolution | <u>1,500,000</u>    |
| Ending balance, June 30, 2021          | <u>\$ 4,213,927</u> |

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.

**14. Commitments**

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 \$338,718.

During the 2021 fiscal year, the New Jersey Department of Labor has been delayed in issuing bills to New Jersey governmental units and as such the District has not been billed for any quarters during the fiscal year. Unemployment claims for the fiscal year cannot be estimated, however, it is expected that the Federal Government, through the CARES act will reimburse the State of New Jersey between 50 and 75 percent of all claims incurred. Since the District has not received a bill related to fiscal year 2021, and the amounts due are not known, no provision has been made in the District's financial statements for any liability.

**15. Solar Renewable Energy Credits**

Solar Renewable Energy Credits are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The District sold 255 Solar Renewable Energy Credits on February 17, 2021, 149 on June 16, 2021, and 132 on August 18, 2021. The District realized revenue in both the Government-Wide and Fund financial statements of \$122,650.

Area Vocational-Technical Schools  
of Mercer County 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 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. However, the Pandemic did result in the State of New Jersey taking steps to reduce the amount of state aid to be provided to the District in the 2020-21 fiscal year subsequent to the District's adoption of its budget. 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 from state aid, taxes, and other revenues will be sufficient to meet the District's financial needs for one year from the date of the issuance of this report.

**17. Transfer-Reconciliation**

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

| <u>Fund</u>           | <u>In</u>         | <u>Out</u>        |
|-----------------------|-------------------|-------------------|
| General Fund          | \$ 242,354        |                   |
| Capital Projects Fund |                   | \$ 242,354        |
|                       | <u>\$ 242,354</u> | <u>\$ 242,354</u> |

The transfer from the Capital Projects to the General Fund was to transfer funds back to original sources for project close-outs.

**18. 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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2021

**18. Change in Accounting Principle/Retroactive Adjustments (continued)**

Government-wide financial statements:

|   |                             |
|---|-----------------------------|
| Beginning Net Position - July 1, 2020               | <u>\$ 20,823,712</u>        |
| Retroactive Adjustments for:                        |                             |
| Reserve for Unemployment Compensation               | 125,864                     |
| Reserve for Scholarships                            | 8,742                       |
| Reserve for Student Activities                      | <u>28,083</u>               |
|   | <u>162,689</u>              |
| Beginning Net Position - July 1, 2020 (as adjusted) | <u><u>\$ 20,986,401</u></u> |

Governmental Fund financial statements:

|   |                            |
|---|----------------------------|
| Beginning Fund Balance - July 1, 2020               | <u>\$ 6,816,518</u>        |
| Retroactive Adjustments for:                        |                            |
| Reserve for Unemployment Compensation               | 125,864                    |
| Reserve for Scholarships                            | 8,742                      |
| Reserve for Student Activities                      | <u>28,083</u>              |
|   | <u>162,689</u>             |
| Beginning Fund Balance - July 1, 2020 (as adjusted) | <u><u>\$ 6,979,207</u></u> |

## Required Supplementary Information – Part II

Area Vocational-Technical Schools  
Of Mercer County School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Public Employee's Retirement System  
Required Supplementary Information

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                                   | 0.0283881461%        | 0.0267244317% | 0.0306275300% | 0.0304596363% | 0.0342277002% | 0.0311686736% | 0.0325376872% | n/a          | n/a          | n/a          |
| District's proportionate share of the net pension liability (asset)  | \$ 4,629,364         | \$ 4,815,337  | \$ 6,030,409  | \$ 7,090,516  | \$ 10,137,263 | \$ 6,996,743  | \$ 6,091,945  | \$ 5,775,933 | n/a          | n/a          |
| District's covered payroll   | \$ 1,745,828         | \$ 1,848,537  | \$ 2,047,264  | \$ 2,099,084  | \$ 2,163,582  | \$ 2,266,652  | \$ 2,190,683  | \$ 2,179,379 | \$ 2,089,934 | \$ 2,260,433 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 265.17%              | 260.49%       | 294.56%       | 337.79%       | 468.54%       | 308.68%       | 278.08%       | 265.03%      | 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%        | 48.72%       | n/a          | n/a          |

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

n/a - information not available

See notes to Required Supplementary Information

Area Vocational-Technical Schools  
Of Mercer County School District  
Schedule of District Contributions  
Public Employee's Retirement System  
Required Supplementary Information

Last Ten Fiscal Years

|  | Years Ended June 30, |              |              |              |              |              |              |              |              |              |
|--|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2021                 | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         | 2012         |
| Contractually required contribution                                  | \$ 283,284           | \$ 310,553   | \$ 259,951   | \$ 304,645   | \$ 288,631   | \$ 304,074   | \$ 267,967   | \$ 268,236   | \$ 253,560   | \$ 260,531   |
| Contributions in relation to the contractually required contribution | (283,284)            | (310,553)    | (259,951)    | (304,645)    | (288,631)    | (304,074)    | (267,967)    | (268,236)    | (253,560)    | (260,531)    |
| Contribution deficiency (excess)                                     | \$ -                 | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| District's covered payroll   | \$ 1,744,343         | \$ 1,745,828 | \$ 1,848,537 | \$ 2,047,264 | \$ 2,099,084 | \$ 2,163,582 | \$ 2,266,652 | \$ 2,190,683 | \$ 2,179,379 | \$ 2,089,934 |
| Contributions as a percentage of covered-employee payroll            | 16.24%               | 17.79%       | 14.06%       | 14.88%       | 13.75%       | 14.05%       | 11.82%       | 12.24%       | 11.63%       | 12.47%       |

See notes to Required Supplementary Information



Area Vocational-Technical Schools  
Of Mercer County School District  
Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District  
Teachers' Pension and Annuity Fund  
Required Supplementary Information

Last Ten Fiscal Years\*

|  | Years Ended June 30, |                      |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 |
| State's proportion of the net pension liability (asset) associated with the District - Local Group | 0.0349704020%        | 0.0357031680%        | 0.03408507631%       | 0.0321995391%        | 0.0340971939%        | 0.0335513725%        | 0.0313901977%        |
| District's proportionate share of the net pension liability (asset)                                | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| State's proportionate share of the net pension liability (asset) associated with the District      | \$ 23,027,589        | \$ 21,911,371        | \$ 21,684,193        | \$ 21,710,090        | \$ 26,823,024        | \$ 21,205,900        | \$ 16,777,039        |
| Total proportionate share of the net pension liability (asset) associated with the District        | <u>\$ 23,027,589</u> | <u>\$ 21,911,371</u> | <u>\$ 21,684,193</u> | <u>\$ 21,710,090</u> | <u>\$ 26,823,024</u> | <u>\$ 21,205,900</u> | <u>\$ 16,777,039</u> |
| Plan fiduciary net position as a percentage of the total pension liability                         | 24.60%               | 26.95%               | 26.49%               | 26.49%               | 22.33%               | 28.71%               | 33.64%               |

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

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

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

See notes to Required Supplementary Information

Area Vocational-Technical Schools  
Of Mercer County 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                 |
| State's proportion of the net OPEB liability<br>(asset) associated with the District        | 0.04%                | 0.05%                | 0.05%                | 0.05%                |
| District's proportionate share of the net<br>OPEB liability                                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| State's proportionate share of the net OPEB<br>liability associated with the District       | \$ 28,208,060        | \$ 18,670,142        | \$ 21,403,354        | \$ 24,718,547        |
| Total proportionate share of the net OPEB liability (asset)<br>associated with the District | <u>\$ 28,208,060</u> | <u>\$ 18,670,142</u> | <u>\$ 21,403,354</u> | <u>\$ 24,718,547</u> |
| Plan fiduciary net position as a<br>percentage of the total OPEB liability                  | 0.00%                | 0.00%                | 0.00%                | 0.00%                |
|   | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          |
| <b>Total OPEB Liability</b>   |                      |                      |                      |                      |
| Service cost  | \$ 752,787           | \$ 690,884           | \$ 781,475           | \$ 929,757           |
| Interest cost   | 671,541              | 844,388              | 903,097              | 778,662              |
| Differences between expected and actual experiences   | 3,437,141            | (3,990,728)          | (1,991,085)          |                      |
| Changes of assumptions  | 5,152,643            | 278,373              | (2,456,142)          | (3,103,939)          |
| Member contributions  | 14,885               | 16,989               | 19,780               | 21,082               |
| Gross benefit payments  | (491,079)            | (573,118)            | (572,318)            | (572,534)            |
| Net change in total OPEB liability  | <u>9,537,918</u>     | <u>(2,733,212)</u>   | <u>(3,315,193)</u>   | <u>(1,946,972)</u>   |
| Total OPEB liability - beginning  | <u>18,670,142</u>    | <u>21,403,354</u>    | <u>24,718,547</u>    | <u>-</u>             |
| Total OPEB liability - ending   | <u>\$ 28,208,060</u> | <u>\$ 18,670,142</u> | <u>\$ 21,403,354</u> | <u>\$ 24,718,547</u> |
| Covered-employee payroll  | <u>\$ 5,466,997</u>  | <u>\$ 5,555,964</u>  | <u>\$ 5,801,028</u>  | <u>\$ 5,860,573</u>  |
| Total OPEB liability as a percentage of covered-employee payroll                            | 515.97%              | 336.04%              | 368.96%              | 421.78%              |

\* 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 notes to Required Supplementary Information*

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY 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

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE  
(BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2021

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual            | Variance<br>Final to<br>Actual |
|--|--------------------|---------------------|-------------------|-------------------|--------------------------------|
| <b>REVENUES:</b>   |                    |                     |                   |                   |                                |
| Local Sources:   |                    |                     |                   |                   |                                |
| County Tax Levy  | \$ 7,176,157       |                     | \$ 7,176,157      | \$ 7,176,157      |                                |
| Tuition from other LEAs within the State                     | 3,720,510          |                     | 3,720,510         | 3,627,825         | \$ (92,685)                    |
| Tuition from other sources                                   | 45,000             |                     | 45,000            | 63,866            | 18,866                         |
| Non-Resident Fees  | 137,340            |                     | 137,340           | 179,766           | 42,426                         |
| Rent and Royalties   | 10,000             |                     |                   |                   |                                |
| Textbook Sales and Rentals                                   | 18,000             |                     |                   |                   |                                |
| Interest Earned on Investments                               |                    |                     | 4,000             | 1,099             | (2,901)                        |
| Interest Earned on Capital Reserve Funds                     | 15,000             |                     | 15,000            | 1,359             | (13,641)                       |
| Other Restricted Miscellaneous Revenue                       |                    |                     |                   | 35                | 35                             |
| Unrestricted Miscellaneous Revenues                          | 555,000            |                     | 579,000           | 344,551           | (234,449)                      |
| <b>Total - Local Sources</b>                                 | <b>11,677,007</b>  |                     | <b>11,677,007</b> | <b>11,394,658</b> | <b>(282,349)</b>               |
| State Sources:   |                    |                     |                   |                   |                                |
| Equalization Aid   | 2,629,432          | \$ (239,297)        | 2,390,135         | 2,390,135         |                                |
| Categorical Special Education Aid                            | 293,805            |                     | 293,805           | 293,805           |                                |
| Security Aid   | 118,657            |                     | 118,657           | 118,657           |                                |
| Adjustment Aid   | 103,021            |                     | 103,021           | 103,021           |                                |
| TPAF Pension (On-Behalf - Non-Budgeted)                      |                    |                     |                   | 1,028,303         | 1,028,303                      |
| TPAF Post Retirement Medical (On-behalf - Non-Budgeted)      |                    |                     |                   | 322,254           | 322,254                        |
| TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)   |                    |                     |                   | 890               | 890                            |
| TPAF Social Security (Reimbursed - Non-Budgeted)             |                    |                     |                   | 273,379           | 273,379                        |
| <b>Total - State Sources</b>                                 | <b>3,144,915</b>   | <b>(239,297)</b>    | <b>2,905,618</b>  | <b>4,530,444</b>  | <b>1,624,826</b>               |
| <b>Total Revenues</b>  | <b>14,821,922</b>  | <b>(239,297)</b>    | <b>14,582,625</b> | <b>15,925,102</b> | <b>1,342,477</b>               |
| <b>EXPENDITURES:</b>   |                    |                     |                   |                   |                                |
| <b>Current Expense:</b>                                      |                    |                     |                   |                   |                                |
| <b>Regular Vocational Programs- Instruction</b>              |                    |                     |                   |                   |                                |
| Salaries of Teachers   | 2,417,001          | 3,479               | 2,420,480         | 2,228,029         | 192,451                        |
| Purchased Professional-Educational Services                  | 128,500            |                     | 128,500           | 87,595            | 40,905                         |
| Purchased Technical Services                                 | 30,023             | (1,500)             | 28,523            | 7,492             | 21,031                         |
| Other Purchased Services                                     | 68,400             | (5,089)             | 63,311            | 16,712            | 46,599                         |
| General Supplies   | 324,376            | (27,032)            | 297,344           | 245,270           | 52,074                         |
| Textbooks  | 79,650             | 15,409              | 95,059            | 86,086            | 8,973                          |
| Other Objects  | 18,850             |                     | 18,850            | 11,195            | 7,655                          |
| <b>Total Regular Vocational Programs- Instruction</b>        | <b>3,066,800</b>   | <b>(14,733)</b>     | <b>3,052,067</b>  | <b>2,682,379</b>  | <b>369,688</b>                 |
| <b>Special Vocational Programs - Instruction</b>             |                    |                     |                   |                   |                                |
| Salaries of Teachers   | 808,824            | 6,176               | 815,000           | 755,516           | 59,484                         |
| Other Salaries for Instruction                               | 284,240            | (20,500)            | 263,740           | 231,333           | 32,407                         |
| Purchased Professional-Educational Services                  | 1,550              |                     | 1,550             |                   | 1,550                          |
| Purchased Technical Services                                 | 13,210             |                     | 13,210            | 1,295             | 11,915                         |
| Other Purchased Services                                     | 28,400             | (2,639)             | 25,761            | 8,595             | 17,166                         |
| General Supplies   | 124,320            | (16,254)            | 108,066           | 60,553            | 47,513                         |
| Textbooks  | 30,500             | 6,266               | 36,766            | 30,163            | 6,603                          |
| Other Objects  | 12,050             |                     | 12,050            | 7,200             | 4,850                          |
| <b>Total Special Vocational Programs- Instruction</b>        | <b>1,303,094</b>   | <b>(26,951)</b>     | <b>1,276,143</b>  | <b>1,094,655</b>  | <b>181,488</b>                 |
| <b>TOTAL VOCATIONAL PROGRAMS - INSTRUCTION</b>               | <b>4,369,894</b>   | <b>(41,684)</b>     | <b>4,328,210</b>  | <b>3,777,034</b>  | <b>551,176</b>                 |
| <b>Undistributed Expend. - Attend. and Social Work</b>       |                    |                     |                   |                   |                                |
| Salaries   | 21,735             | (4,735)             | 17,000            | 16,675            | 325                            |
| <b>Total Undistributed Expend. - Attend. and Social Work</b> | <b>21,735</b>      | <b>(4,735)</b>      | <b>17,000</b>     | <b>16,675</b>     | <b>325</b>                     |
| <b>Undist. Expend. - Health Services</b>                     |                    |                     |                   |                   |                                |
| Salaries   | 210,567            | 50,829              | 261,396           | 241,962           | 19,434                         |
| Purchased Professional and Technical Services                | 7,910              |                     | 7,910             | 7,905             | 5                              |
| Other Purchased Services                                     | 11,800             | (655)               | 11,145            | 5,037             | 6,108                          |
| Supplies and Materials                                       | 13,000             | 780                 | 13,780            | 13,551            | 229                            |
| <b>Total Undistributed Expenditures - Health Services</b>    | <b>243,277</b>     | <b>50,954</b>       | <b>294,231</b>    | <b>268,455</b>    | <b>25,776</b>                  |

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE  
(BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2021

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to<br/>Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|---|
| <b>Undist. Expend. - Guidance</b>                            |                            |                             |                         |                |   |
| Salaries of Other Professional Staff                         | \$ 471,918                 |                             | \$ 471,918              | \$ 451,605     | \$ 20,313                               |
| Salaries of Secretarial and Clerical Assistants              | 96,632                     |                             | 96,632                  | 92,445         | 4,187                                   |
| Other Salaries   | 8,500                      |                             | 8,500                   |                | 8,500                                   |
| Other Purchased Services                                     | 42,460                     |                             | 42,460                  | 35,410         | 7,050                                   |
| Supplies and Materials                                       | 46,694                     | \$ 1,035                    | 47,729                  | 21,815         | 25,914                                  |
| Other Objects  | 800                        |                             | 800                     | 107            | 693                                     |
| <b>Total Undist. Expend. - Guidance</b>                      | <b>667,004</b>             | <b>1,035</b>                | <b>668,039</b>          | <b>601,382</b> | <b>66,657</b>                           |
| <b>Undist. Expend. - Child Study Teams</b>                   |                            |                             |                         |                |   |
| Purchased Professional-Educational Services                  | 50,000                     | (40,000)                    | 10,000                  | 1,760          | 8,240                                   |
| <b>Total Undist. Expend. - Child Study Teams</b>             | <b>50,000</b>              | <b>(40,000)</b>             | <b>10,000</b>           | <b>1,760</b>   | <b>8,240</b>                            |
| <b>Undist. Expend. - Improvement of Inst. Serv.</b>          |                            |                             |                         |                |   |
| Salaries of Supervisors of Instruction                       | 289,487                    | (6,500)                     | 282,987                 | 256,457        | 26,530                                  |
| Salaries of Secretarial and Clerical Assistants              | 118,727                    | 300                         | 119,027                 | 119,027        |   |
| Purchased Professional-Educational Services                  | 5,400                      | 7,500                       | 12,900                  |                | 12,900                                  |
| Other Purchased Services                                     | 12,000                     | (7,500)                     | 4,500                   | 3,150          | 1,350                                   |
| Supplies and Materials                                       | 1,000                      | 6,200                       | 7,200                   | 6,705          | 495                                     |
| <b>Total Undist. Expend. - Improvement of Inst. Serv.</b>    | <b>426,614</b>             | <b>-</b>                    | <b>426,614</b>          | <b>385,339</b> | <b>41,275</b>                           |
| <b>Undist. Expend. - Inst Staff Training Serv</b>            |                            |                             |                         |                |   |
| Salaries   | 21,739                     |                             | 21,739                  | 6,139          | 15,600                                  |
| Purchased Prof. - Ed Services                                | 8,000                      |                             | 8,000                   |                | 8,000                                   |
| Other Purchased Services                                     | 41,703                     |                             | 41,703                  | 12,820         | 28,883                                  |
| Supplies and Materials                                       | 2,100                      |                             | 2,100                   | 1,089          | 1,011                                   |
| <b>Total Undist. Expend. - Inst Staff Training Serv</b>      | <b>73,542</b>              |                             | <b>73,542</b>           | <b>20,048</b>  | <b>53,494</b>                           |
| <b>Undist. Expend. - Supp. Serv. - General Admin.</b>        |                            |                             |                         |                |   |
| Salaries   | 309,923                    | (1,492)                     | 308,431                 | 296,062        | 12,369                                  |
| Legal Services   | 77,915                     | 2,115                       | 80,030                  | 62,055         | 17,975                                  |
| Audit Fees   | 38,400                     |                             | 38,400                  | 38,400         |   |
| Architectural/Engineering Services                           | 80,208                     |                             | 80,208                  | 63,959         | 16,249                                  |
| Other Purchased Professional Services                        | 9,000                      |                             | 9,000                   | 8,267          | 733                                     |
| Communications/Telephone                                     | 52,225                     |                             | 52,225                  | 30,600         | 21,625                                  |
| Board of Education Other Purchased Services                  | 6,000                      | (800)                       | 5,200                   |                | 5,200                                   |
| Miscellaneous Purchased Services                             | 40,700                     | 948                         | 41,648                  | 29,203         | 12,445                                  |
| General Supplies   | 5,500                      | (1,183)                     | 4,317                   | 1,672          | 2,645                                   |
| Judgments Against the School Dist.                           | 3,300                      |                             | 3,300                   |                | 3,300                                   |
| Miscellaneous Expenditures                                   | 250                        |                             | 250                     | 42             | 208                                     |
| Board of Education Dues and Fees                             | 9,000                      |                             | 9,000                   | 4,755          | 4,245                                   |
| <b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>  | <b>632,421</b>             | <b>(412)</b>                | <b>632,009</b>          | <b>535,015</b> | <b>96,994</b>                           |
| <b>Undist. Expend. - Support Serv. - School Admin.</b>       |                            |                             |                         |                |   |
| Salaries of Principals/Assistant Principals                  | 250,000                    | 11,711                      | 261,711                 | 246,400        | 15,311                                  |
| Salaries of Secretarial and Clerical Assistants              | 213,512                    | (9,550)                     | 203,962                 | 192,162        | 11,800                                  |
| Other Purchased Services                                     | 27,213                     |                             | 27,213                  | 20,656         | 6,557                                   |
| Supplies and Materials                                       | 20,250                     | 41,400                      | 61,650                  | 57,467         | 4,183                                   |
| Other Objects  | 6,200                      | (3,897)                     | 2,303                   | 971            | 1,332                                   |
| <b>Total Undist. Expend. - Support Serv. - School Admin.</b> | <b>517,175</b>             | <b>39,664</b>               | <b>556,839</b>          | <b>517,656</b> | <b>39,183</b>                           |
| <b>Undist. Expend. - Central Services</b>                    |                            |                             |                         |                |   |
| Salaries   | 274,798                    | 9,058                       | 283,856                 | 283,856        |   |
| Misc Purchased Services                                      | 115,603                    | (7,566)                     | 108,037                 | 80,363         | 27,674                                  |
| Supplies and Materials                                       | 11,500                     |                             | 11,500                  | 7,242          | 4,258                                   |
| Miscellaneous Expenditures                                   | 5,000                      |                             | 5,000                   | 2,442          | 2,558                                   |
| <b>Total Undist. Expend. - Central Services</b>              | <b>406,901</b>             | <b>1,492</b>                | <b>408,393</b>          | <b>373,903</b> | <b>34,490</b>                           |
| <b>Undist. Expend. - Admin. Info. Technology</b>             |                            |                             |                         |                |   |
| Salaries   | 247,963                    | 4,735                       | 252,698                 | 195,270        | 57,428                                  |
| Purchased Technical Services                                 | 50,000                     | (15,287)                    | 34,713                  | 19,481         | 15,232                                  |
| Other Purchased Services                                     | 194,880                    | 59,519                      | 254,399                 | 211,597        | 42,802                                  |
| Supplies and Materials                                       | 247,097                    | 23,370                      | 270,467                 | 109,801        | 160,666                                 |
| Other Objects  | 5,000                      | (870)                       | 4,130                   | 4,130          |   |
| <b>Total Undist. Expend. - Admin. Info. Technology</b>       | <b>744,940</b>             | <b>71,467</b>               | <b>816,407</b>          | <b>540,279</b> | <b>276,128</b>                          |

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE  
(BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2021

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual            | Variance<br>Final to<br>Actual |
|--|--------------------|---------------------|-------------------|-------------------|--------------------------------|
| <b>Undist. Expend. - Required Maint. for Sch. Facil.</b>           |                    |                     |                   |                   |                                |
| Cleaning, Repair and Maintenance Services                          | \$ 59,621          |                     | \$ 59,621         | \$ 42,458         | \$ 17,163                      |
| Lead Testing of Drinking Water                                     | 7,500              |                     | 7,500             |                   | 7,500                          |
| <b>Total Undist. Expend. - Required Maint. for Sch. Facil.</b>     | <b>67,121</b>      |                     | <b>67,121</b>     | <b>42,458</b>     | <b>24,663</b>                  |
| <b>Undist. Expend. - Custodial Services</b>                        |                    |                     |                   |                   |                                |
| Salaries   | 629,401            |                     | 629,401           | 537,657           | 91,744                         |
| Salaries of Non-Instructional Aides                                | 15,000             |                     | 15,000            | 2,188             | 12,812                         |
| Purchased Professional and Technical Services                      | 10,000             |                     | 10,000            | 6,860             | 3,140                          |
| Cleaning, Repair and Maintenance Services                          | 352,931            | \$ 5,000            | 357,931           | 176,525           | 181,406                        |
| Lease Purchase Payments- Energy Savings Improvement Program        | 770,000            |                     | 770,000           | 770,000           |                                |
| Other Purchased Property Services                                  | 45,000             |                     | 45,000            | 29,935            | 15,065                         |
| Insurance  | 90,000             | 9,690               | 99,690            | 99,464            | 226                            |
| Miscellaneous Purchased Services                                   | 42,500             |                     | 42,500            | 37,585            | 4,915                          |
| General Supplies   | 119,129            | 15,200              | 134,329           | 90,348            | 43,981                         |
| Natural Gas  | 95,340             | (1,780)             | 93,560            | 69,629            | 23,931                         |
| Electricity  | 146,500            | 1,780               | 148,280           | 118,636           | 29,644                         |
| Other Objects  | 220,793            |                     | 220,793           | 217,283           | 3,510                          |
| <b>Total Undist. Expend. - Custodial Services</b>                  | <b>2,536,594</b>   | <b>29,890</b>       | <b>2,566,484</b>  | <b>2,156,110</b>  | <b>410,374</b>                 |
| <b>Undist. Expend. - Security</b>                                  |                    |                     |                   |                   |                                |
| Cleaning, Repair and Maintenance Services                          | 7,500              | 70                  | 7,570             | 7,569             | 1                              |
| General Supplies   | 25,000             | (70)                | 24,930            | 1,455             | 23,475                         |
| <b>Total Undist. Expend. - Security</b>                            | <b>32,500</b>      |                     | <b>32,500</b>     | <b>9,024</b>      | <b>23,476</b>                  |
| <b>Undist. Expend. - Student Transportation Serv.</b>              |                    |                     |                   |                   |                                |
| Salaries for Pupil Trans. Other than Between Home and School       | 40,000             |                     | 40,000            |                   | 40,000                         |
| Cleaning, Repair and Maintenance Services                          | 20,000             |                     | 20,000            | 705               | 19,295                         |
| Contracted Services (Other than Between Home and School) - Vendors | 35,750             |                     | 35,750            | 2,692             | 33,058                         |
| Transportation Supplies  | 1,607              |                     | 1,607             | 83                | 1,524                          |
| <b>Total Undist. Expend. - Student Transportation Serv.</b>        | <b>97,357</b>      |                     | <b>97,357</b>     | <b>3,480</b>      | <b>93,877</b>                  |
| <b>Unallocated Benefits</b>  |                    |                     |                   |                   |                                |
| Social Security Contributions                                      | 180,000            | 5,409               | 185,409           | 187,442           | (2,033)                        |
| Other Retirement Contributions - PERS                              | 354,000            |                     | 354,000           | 310,553           | 43,447                         |
| Unemployment Compensation  | 40,000             |                     | 40,000            |                   | 40,000                         |
| Workers' Compensation  | 95,000             | (9,690)             | 85,310            | 82,115            | 3,195                          |
| Health Benefits  | 1,812,075          | (56,757)            | 1,755,318         | 1,506,005         | 249,313                        |
| Tuition Reimbursement  | 15,000             |                     | 15,000            | 6,200             | 8,800                          |
| Other Employee Benefits  | 15,250             |                     | 15,250            | 7,673             | 7,577                          |
| Unused Sick Payment to Term/Ret. Staff                             | 40,000             |                     | 40,000            | 19,866            | 20,134                         |
| <b>Total Unallocated Benefits</b>                                  | <b>2,551,325</b>   | <b>(61,038)</b>     | <b>2,490,287</b>  | <b>2,119,854</b>  | <b>370,433</b>                 |
| TPAF Pension (On-Behalf - Non-Budgeted)                            |                    |                     |                   | 1,028,303         | (1,028,303)                    |
| TPAF Post Retirement Medical (On-behalf - Non-Budgeted)            |                    |                     |                   | 322,254           | (322,254)                      |
| TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)         |                    |                     |                   | 890               | (890)                          |
| TPAF Social Security (Reimbursed - Non-Budgeted)                   |                    |                     |                   | 273,379           | (273,379)                      |
| <b>Total On-behalf Contributions</b>                               |                    |                     |                   | <b>1,624,826</b>  | <b>(1,624,826)</b>             |
| <b>TOTAL UNDISTRIBUTED EXPENDITURES</b>                            | <b>9,068,506</b>   | <b>88,317</b>       | <b>9,156,823</b>  | <b>9,216,264</b>  | <b>(59,441)</b>                |
| <b>TOTAL GENERAL CURRENT EXPENSE</b>                               | <b>13,438,400</b>  | <b>46,633</b>       | <b>13,485,033</b> | <b>12,993,298</b> | <b>491,735</b>                 |
| <b>CAPITAL OUTLAY</b>  |                    |                     |                   |                   |                                |
| <b>Equipment</b>   |                    |                     |                   |                   |                                |
| <b>Special Education-Instruction:</b>                              |                    |                     |                   |                   |                                |
| Regular Voc. Programs  | 136,000            | (96,976)            | 39,024            | 13,181            | 25,843                         |
| <b>Undistributed Expenditures:</b>                                 |                    |                     |                   |                   |                                |
| Admin Info Tech  | 30,960             | (3,000)             | 27,960            | 22,117            | 5,843                          |
| Undistributed Exp.-Custodial Services                              | 70,000             |                     | 70,000            | 35,914            | 34,086                         |
| <b>Undistributed Exp.-Non-Instructional Services</b>               |                    |                     |                   |                   |                                |
| School buses-regular   | 79,553             |                     | 79,553            | 79,553            |                                |
| <b>Total Equipment</b>   | <b>316,513</b>     | <b>(99,976)</b>     | <b>216,537</b>    | <b>150,765</b>    | <b>65,772</b>                  |
| <b>Facilities Acquisition and Construction Services</b>            |                    |                     |                   |                   |                                |
| Architectural/Engineering Services                                 | 108,125            | (25,000)            | 83,125            | 4,875             | 78,250                         |
| Construction Services  | 1,234,127          | (140,000)           | 1,094,127         | 206,591           | 887,536                        |
| <b>Total Facilities Acquisition and Construction Services</b>      | <b>1,342,252</b>   | <b>(165,000)</b>    | <b>1,177,252</b>  | <b>211,466</b>    | <b>965,786</b>                 |
| <b>TOTAL CAPITAL OUTLAY</b>  | <b>1,658,765</b>   | <b>(264,976)</b>    | <b>1,393,789</b>  | <b>362,231</b>    | <b>1,031,558</b>               |

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE  
(BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2021

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Final to<br/>Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------------|---|
| <b>SPECIAL SCHOOLS</b>  |                            |                             |                         |                     |   |
| <b>Post-Secondary Programs - Support Services</b>   |                            |                             |                         |                     |   |
| Supplies and Materials  | \$ 2,157                   |                             | \$ 2,157                | \$ 2,068            | \$ 89                                   |
| <b>Total Post-Secondary Programs- Support Services</b>  | <u>2,157</u>               |                             | <u>2,157</u>            | <u>2,068</u>        | <u>89</u>                               |
| <b>Total Post-Secondary Programs</b>  | <u>2,157</u>               |                             | <u>2,157</u>            | <u>2,068</u>        | <u>89</u>                               |
| <b>Other Special Schools - Instruction</b>  |                            |                             |                         |                     |   |
| Other Salaries for Instruction  | 31,062                     |                             | 31,062                  |                     | 31,062                                  |
| General Supplies  | <u>13,216</u>              |                             | <u>13,216</u>           |                     | <u>13,216</u>                           |
| <b>Total Other Special Schools - Instruction</b>  | <u>44,278</u>              |                             | <u>44,278</u>           |                     | <u>44,278</u>                           |
| <b>Other Special Schools - Support Services</b>   |                            |                             |                         |                     |   |
| Salaries  | 6,440                      |                             | 6,440                   |                     | 6,440                                   |
| Supplies and Materials  | <u>700</u>                 |                             | <u>700</u>              |                     | <u>700</u>                              |
| <b>Total Other Special Schools - Support Services</b>   | <u>7,140</u>               |                             | <u>7,140</u>            |                     | <u>7,140</u>                            |
| <b>Total Other Special Schools</b>  | <u>51,418</u>              |                             | <u>51,418</u>           |                     | <u>51,418</u>                           |
| <b>Accred. Evening/Adult H.S./Post-Grad - Instruction</b>   |                            |                             |                         |                     |   |
| Salaries  | 140,000                    | \$ (20,954)                 | 119,046                 |                     | 119,046                                 |
| General Supplies  | 21,900                     |                             | 21,900                  |                     | 21,900                                  |
| Textbooks   | <u>500</u>                 |                             | <u>500</u>              |                     | <u>500</u>                              |
| <b>Total Accred. Evening/Adult H.S./Post-Grad - Instruction</b>                                     | <u>162,400</u>             | <u>(20,954)</u>             | <u>141,446</u>          |                     | <u>141,446</u>                          |
| <b>Accred. Evening/Adult H.S./Post-Grad - Support</b>   |                            |                             |                         |                     |   |
| Salaries  | 177,442                    |                             | 177,442                 |                     | 177,442                                 |
| Personal Services - Emp. Benefits   | 59,065                     | (6,638)                     | 52,427                  |                     | 52,427                                  |
| Other purchased services  | 55,625                     | 8,138                       | 63,763                  | 42,639              | 21,124                                  |
| Supplies and materials  | 49,500                     | (1,500)                     | 48,000                  | 27,138              | 20,862                                  |
| Other objects   | <u>500</u>                 |                             | <u>500</u>              |                     | <u>500</u>                              |
| <b>Total Accred. Evening/Adult H.S./Post-Grad - Support</b>   | <u>342,132</u>             |                             | <u>342,132</u>          | <u>69,777</u>       | <u>272,355</u>                          |
| <b>Total Accred. Evening/Adult H.S./Post-Grad</b>   | <u>504,532</u>             | <u>(20,954)</u>             | <u>483,578</u>          | <u>69,777</u>       | <u>413,801</u>                          |
| <b>Vocational Evening- local - Instruction</b>  |                            |                             |                         |                     |   |
| Salaries of Teachers  | 198,000                    |                             | 198,000                 | 71,478              | 126,522                                 |
| Other Salaries for Instruction  | 64,288                     |                             | 64,288                  | 3,674               | 60,614                                  |
| Purchased Prof. and Tech. Services  | 15,750                     |                             | 15,750                  | 899                 | 14,851                                  |
| Other Purchased Services  | 28,000                     | 6,545                       | 34,545                  | 15,368              | 19,177                                  |
| General Supplies  | 63,900                     | 828                         | 64,728                  | 4,140               | 60,588                                  |
| Textbooks   | 32,250                     | (7,373)                     | 24,877                  | 12,701              | 12,176                                  |
| Other Objects   | <u>10,500</u>              |                             | <u>10,500</u>           |                     | <u>10,500</u>                           |
| <b>Total Vocational Evening- local - Instruction</b>  | <u>412,688</u>             |                             | <u>412,688</u>          | <u>108,260</u>      | <u>304,428</u>                          |
| <b>Vocational Evening- local - Support Services</b>   |                            |                             |                         |                     |   |
| Salaries  | 238,319                    |                             | 238,319                 | 142,106             | 96,213                                  |
| Personal Services - Emp. Benefits   | 118,750                    |                             | 118,750                 | 86,695              | 32,055                                  |
| Other Purchased Services  | 24,225                     |                             | 24,225                  | 20,847              | 3,378                                   |
| Supplies and Materials  | 44,591                     |                             | 44,591                  | 32,893              | 11,698                                  |
| Other Objects   | <u>6,000</u>               |                             | <u>6,000</u>            | <u>847</u>          | <u>5,153</u>                            |
| <b>Total Vocational Evening- local - Support Services</b>   | <u>431,885</u>             |                             | <u>431,885</u>          | <u>283,388</u>      | <u>148,497</u>                          |
| <b>Total Vocational Evening-Local</b>   | <u>844,573</u>             |                             | <u>844,573</u>          | <u>391,648</u>      | <u>452,925</u>                          |
| <b>TOTAL SPECIAL SCHOOLS</b>  | <u>1,400,523</u>           | <u>(20,954)</u>             | <u>1,381,726</u>        | <u>463,493</u>      | <u>918,144</u>                          |
| <b>TOTAL EXPENDITURES</b>   | <u>16,497,688</u>          | <u>(239,297)</u>            | <u>16,260,548</u>       | <u>13,819,022</u>   | <u>2,441,437</u>                        |
| <b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>                                    | <u>(1,675,766)</u>         |                             | <u>(1,675,766)</u>      | <u>2,106,080</u>    | <u>3,781,846</u>                        |
| <b>Other Financing Sources (Uses)</b>   |                            |                             |                         |                     |   |
| Transfer In   |                            |                             |                         | 242,354             | (242,354)                               |
| <b>Total Other Financing Sources (Uses)</b>   |                            |                             |                         | <u>242,354</u>      | <u>(242,354)</u>                        |
| <b>(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)</b> | <u>(1,675,766)</u>         |                             | <u>(1,675,766)</u>      | <u>2,348,434</u>    | <u>4,024,200</u>                        |
| <b>Fund Balance, July 1 (retroactively adjusted - see note 18)</b>                                  | <u>6,662,778</u>           |                             | <u>6,662,778</u>        | <u>6,662,778</u>    |   |
| <b>Fund Balance, June 30</b>  | <u>\$ 4,987,012</u>        | <u>\$ -</u>                 | <u>\$ 4,987,012</u>     | <u>\$ 9,011,212</u> | <u>\$ 4,024,200</u>                     |



AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE  
(BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2021

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Final to<br/>Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------------|---|
| <b>Recapitulation of (Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing (uses)</b> |                            |                             |                         |                     |   |
| Budgeted Fund Balance   | \$ (1,675,766)             | \$ (1,411,336)              | \$ (3,087,102)          | \$ 937,098          | \$ 4,024,200                            |
| Deposit To Capital Reserve  |                            | 1,501,360                   | 1,501,360               | 1,501,360           |   |
| Adjustment for Prior Year Encumbrances  |                            | (90,024)                    | (90,024)                | (90,024)            |   |
| Total   | <u>\$ (1,675,766)</u>      | <u>\$ -</u>                 | <u>\$ (1,675,766)</u>   | <u>\$ 2,348,434</u> | <u>\$ 4,024,200</u>                     |
| <b>Recapitulation of Fund Balance:</b>  |                            |                             |                         |                     |   |
| Restricted Fund Balance:  |                            |                             |                         |                     |   |
| Prior Year Excess Surplus Designated for Subsequent Year's Expenditures   |                            |                             |                         | \$ 1,345,507        |   |
| Excess Surplus-current year   |                            |                             |                         | 2,251,372           |   |
| Capital Reserve   |                            |                             |                         | 4,213,927           |   |
| Unemployment Compensation   |                            |                             |                         | 130,036             |   |
| Assigned to:  |                            |                             |                         |                     |   |
| Year End Encumbrances   |                            |                             |                         | 338,718             |   |
| Unassigned Fund Balance   |                            |                             |                         | <u>731,652</u>      |   |
|   |                            |                             |                         | 9,011,212           |   |
| <b>Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:</b>   |                            |                             |                         |                     |   |
| Final State Aid Payments Not Realized on GAAP Basis   |                            |                             |                         | <u>(290,561)</u>    |   |
| Fund balance per Government Funds (GAAP)  |                            |                             |                         | <u>\$ 8,720,651</u> |   |

**AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE FUND**

**BUDGETARY COMPARISON SCHEDULE  
(BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2021**

|   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final<br/>to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|-------------------|---|
| <b>Revenues</b>   |                            |                             |                         |                   |   |
| State sources   | \$ 144,429                 | \$ 24,171                   | \$ 168,600              | \$ 109,708        | \$ (58,892)                             |
| Federal sources   | 348,229                    | 299,828                     | 648,057                 | 621,390           | (26,667)                                |
| Local sources   | 8,250                      | 500                         | 8,750                   | 8,750             |   |
| Total Revenues  | <u>500,908</u>             | <u>324,499</u>              | <u>825,407</u>          | <u>739,848</u>    | <u>(85,559)</u>                         |
| <b>Expenditures</b>                                       |                            |                             |                         |                   |   |
| Current expenditures:                                     |                            |                             |                         |                   |   |
| Instruction:  |                            |                             |                         |                   |   |
| Salaries of teachers                                      | 100,324                    | 16,124                      | 116,448                 | 72,339            | 44,109                                  |
| Purchased professional services                           | 68,427                     | (13,029)                    | 55,398                  | 55,398            |   |
| General supplies  | 8,500                      | 233,152                     | 241,652                 | 222,673           | 18,979                                  |
| Total instruction   | <u>177,251</u>             | <u>236,247</u>              | <u>413,498</u>          | <u>350,410</u>    | <u>63,088</u>                           |
| Support services:   |                            |                             |                         |                   |   |
| Salaries  | 6,540                      |                             | 6,540                   |                   | 6,540                                   |
| Personal services—employee benefits                       |                            | 25,063                      | 25,063                  | 24,583            | 480                                     |
| Purchased professional services                           | 31,115                     | 132,865                     | 163,980                 | 163,980           |   |
| Other purchased professional services                     |                            | 1,346                       | 1,346                   | 1,346             |   |
| Supplies and materials                                    | 3,460                      | 53,500                      | 56,960                  | 41,509            | 15,451                                  |
| Other objects   |                            | 7,780                       | 7,780                   | 7,780             |   |
| Scholarships  | 1,600                      |                             | 1,600                   | 1,600             |   |
| Student activities  | 9,044                      |                             | 9,044                   | 9,044             |   |
| Total support services                                    | <u>51,759</u>              | <u>220,554</u>              | <u>272,313</u>          | <u>249,842</u>    | <u>22,471</u>                           |
| Capital outlay:   |                            |                             |                         |                   |   |
| Instructional equipment                                   | 274,292                    | (132,302)                   | 141,990                 | 141,990           |   |
| Total capital outlay                                      | <u>274,292</u>             | <u>(132,302)</u>            | <u>141,990</u>          | <u>141,990</u>    | <u>-</u>                                |
| Total Expenditures  | <u>503,302</u>             | <u>324,499</u>              | <u>827,801</u>          | <u>742,242</u>    | <u>85,559</u>                           |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (2,394)</u>          | <u>\$ -</u>                 | <u>\$ (2,394)</u>       | <u>\$ (2,394)</u> | <u>\$ -</u>                             |

**AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET TO GAAP RECONCILIATION**

**YEAR ENDED JUNE 30, 2021**

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

|  | <b>General<br/>Fund</b> | <b>Special<br/>Revenue<br/>Fund</b> |
|--|-------------------------|-------------------------------------|
| <b>Sources/inflows of resources</b>  |                         |                                     |
| Actual amounts (budgetary basis) "revenue" from the<br>budgetary comparison schedule (C-1, C-2)  | \$ 15,925,102           | \$ 739,848                          |
| Differences - Budgetary to GAAP:   |                         |                                     |
| Grant accounting budgetary basis differs from GAAP<br>in that encumbrances are recognized as expenditures,<br>and the related revenue is recognized.   |                         |                                     |
| Prior year   |                         | 9,757                               |
| Current year   |                         | (34,993)                            |
| State aid payments recognized for budgetary purposes,<br>not recognized for GAAP statements.   |                         |                                     |
| Prior year   | 279,415                 |                                     |
| Current year   | (290,561)               |                                     |
|  |                         |                                     |
| Total revenues as reported on the statement of revenues,<br>expenditures and changes in fund balances - governmental<br>funds (B-2)  | \$ 15,913,956           | \$ 714,612                          |
| <b>Uses/outflows of resources</b>  |                         |                                     |
| Actual amounts (budgetary basis) "total outflows" from the<br>budgetary comparison schedule (C-1, C-2)   | \$ 13,819,022           | \$ 742,242                          |
| Differences - Budgetary to GAAP:   |                         |                                     |
| Encumbrances for supplies and equipment ordered but<br>not received are reported in the year the order is placed for<br>budgetary purposes, but in the year the supplies are received<br>for financial reporting purposes. |                         |                                     |
| Prior year   |                         | 9,757                               |
| Current year   |                         | (34,993)                            |
|  |                         |                                     |
| Total expenditures as reported on the statement of revenues,<br>expenditures, and changes in fund balances - governmental<br>funds (B-2)   | \$ 13,819,022           | \$ 717,006                          |

## Supplementary Information

## Special Revenue Fund

AREA VOCATIONAL-TECHNICAL SCHOOLS OF MERCER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

Year Ended June 30, 2021

|   | Carl D. Perkins | Title I Part A | Title II Part A | Title IV Part A | I.D.E.A. Part B Basic | COVID-19 CARES Act Education Stabilization Fund ESSER I | COVID-19 Coronavirus Relief Fund | Card D. Perkins | Skills USA | Scholarship Fund | Student Activity Funds | Totals     |
|---|-----------------|----------------|-----------------|-----------------|-----------------------|---|----------------------------------|-----------------|------------|------------------|------------------------|------------|
|   |                 |                |                 |                 |                       |   |                                  |                 |            |                  |                        |            |
| REVENUES:   |                 |                |                 |                 |                       |   |                                  |                 |            |                  |                        |            |
| Local Sources   |                 |                |                 |                 |                       |   |                                  |                 |            |                  |                        |            |
| State Sources   |                 |                |                 |                 |                       |   |                                  |                 |            |                  |                        |            |
| Federal Sources   | \$ 281,818      | \$ 128,381     | \$ 24,428       | \$ 18,015       | \$ 43,470             | \$ 84,826   | \$ 40,452                        | \$ 109,708      | \$ 500     | \$ 1,127         | \$ 7,123               | \$ 8,750   |
| Total Revenues  | \$ 281,818      | \$ 128,381     | \$ 24,428       | \$ 18,015       | \$ 43,470             | \$ 84,826   | \$ 40,452                        | \$ 109,708      | \$ 500     | \$ 1,127         | \$ 7,123               | \$ 109,708 |
| EXPENDITURES:   |                 |                |                 |                 |                       |   |                                  |                 |            |                  |                        |            |
| Instruction:  |                 |                |                 |                 |                       |   |                                  |                 |            |                  |                        |            |
| Salaries of Teachers  | \$ 4,696        | \$ 28,867      |                 |                 | \$ 29,068             |   |                                  | \$ 9,708        |            |                  |                        | \$ 72,339  |
| Purchased Professional and Technical Services                 | 6,000           |                |                 |                 |                       |   |                                  | 9,998           |            |                  |                        | 15,998     |
| Purchased Professional - Educational Services                 |                 | 39,400         |                 |                 |                       |   |                                  |                 |            |                  |                        | 39,400     |
| Supplies and Materials  | 66,394          | 6,285          |                 | \$ 815          | 2,476                 | \$ 37,321   | \$ 40,452                        | 68,430          | \$ 500     |                  |                        | 222,673    |
| Total Instruction   | 77,090          | 74,552         |                 | 815             | 31,544                | 37,321  | 40,452                           | 88,136          | 500        |                  |                        | 350,410    |
| Support Services:   |                 |                |                 |                 |                       |   |                                  |                 |            |                  |                        |            |
| Personal Services - Employee Benefits                         |                 | 11,926         |                 |                 | 11,926                |   |                                  | 731             |            |                  |                        | 24,583     |
| Purchased Professional - Technical & Educational Services     | 56,299          | 35,403         | \$ 23,348       | 17,000          |                       | 12,930  |                                  | 19,000          |            |                  |                        | 163,980    |
| Other Purchased Professional Services                         | 1,346           |                |                 |                 |                       |   |                                  |                 |            |                  |                        | 1,346      |
| Supplies and Materials  | 5,093           | 6,500          | 1,080           | 200             |                       | 34,575  |                                  | 1,841           |            |                  |                        | 41,509     |
| Other Objects   |                 |                |                 |                 |                       |   |                                  |                 |            |                  |                        | 7,780      |
| Scholarships awarded  |                 |                |                 |                 |                       |   |                                  |                 | \$ 1,600   |                  | \$ 9,044               | 1,600      |
| Student Activities  |                 |                |                 |                 |                       |   |                                  |                 |            | 1,600            |                        | 9,044      |
| Total Support Services  | 62,738          | 53,829         | 24,428          | 17,200          | 11,926                | 47,505  |                                  | 21,572          |            | 1,600            | 9,044                  | 249,842    |
| Capital Outlay:   |                 |                |                 |                 |                       |   |                                  |                 |            |                  |                        |            |
| Instructional Equipment                                       | 141,990         |                |                 |                 |                       |   |                                  |                 |            |                  |                        | 141,990    |
| Total Capital Outlay  | 141,990         |                |                 |                 |                       |   |                                  |                 |            |                  |                        | 141,990    |
| Total Expenditures  | \$ 281,818      | \$ 128,381     | \$ 24,428       | \$ 18,015       | \$ 43,470             | \$ 84,826   | \$ 40,452                        | \$ 109,708      | \$ 500     | \$ 1,600         | \$ 9,044               | \$ 742,242 |
| (Deficiency) of Revenues (under) Expenditures                 | -               | -              | -               | -               | -                     | -   | -                                | -               | -          | (473)            | (1,921)                | (2,394)    |
| Fund Balance, July 1 (retrospectively adjusted - see note 18) |                 |                |                 |                 |                       |   |                                  |                 |            | 8,742            | 28,083                 | 36,825     |
| Fund Balance, June 30   | \$ -            | \$ -           | \$ -            | \$ -            | \$ -                  | \$ -  | \$ -                             | \$ -            | \$ -       | \$ 8,269         | \$ 26,162              | \$ 34,431  |

## Capital Projects Fund

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND

SUMMARY SCHEDULE OF PROJECT EXPENDITURES

Year ended June 30, 2021

| <u>Project Title/Issue</u>   | <u>Approval Date</u> | <u>Revised<br/>Budgetary<br/>Appropriations</u> | <u>GAAP<br/>Expenditures to Date</u> |                         | <u>Unexpended<br/>Appropriations<br/>June 30, 2021</u> |
|--|----------------------|---|--------------------------------------|-------------------------|--|
|  |                      |   | <u>Prior<br/>Years</u>               | <u>Current<br/>Year</u> |  |
| Assunpink Center Vocational School: Mechanical, Electrical,<br>Security and General Construction Alterations | 8/17/2015            | \$ 2,114,495                                    | \$ 1,586,720                         |                         | \$ 527,775   |
| Sypek Center Vocational School: Mechanical, Electrical,<br>Security and General Construction Alterations     | 8/17/2015            | 1,613,196                                       | 1,613,196                            |                         |  |
| Assunpink Center Vocational School: IT Upgrades  | 3/30/2017            | 59,262  | 41,141                               | \$ 18,121               |  |
| Site Work  | 3/30/2017            | 262,953   | 92,958                               |                         | 169,995  |
| Sypek: Street Light Addition   | 3/29/2018            | 120,486   | 17,500                               | 102,986                 |  |
| Office Suite Renovations   | 3/28/2019            | <u>65,000</u>                                   | <u>31,231</u>                        | <u>33,769</u>           |  |
| Totals   |                      | <u>\$ 4,235,392</u>                             | <u>\$ 3,382,746</u>                  | <u>\$ 154,876</u>       | <u>\$ 697,770</u>                                      |



AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND

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

(BUDGETARY BASIS)

Year ended June 30, 2021

|   | <u>Current<br/>Year</u>  |
|---|--------------------------|
| Revenues  |                          |
| State sources   | \$ (200,519)             |
| County Sources  | (98,820)                 |
| Total Revenues  | <u>(299,339)</u>         |
| Expenditures  |                          |
| Construction services                                       | <u>154,876</u>           |
| Total Expenditures  | <u>154,876</u>           |
| Deficiency of revenues under expenditures                   | (454,215)                |
| Other Financing Uses:                                       |                          |
| Transfer out  | (242,354)                |
| Total Other Financing Uses                                  | <u>(242,354)</u>         |
| Fund Balance, July 1  | <u>1,394,339</u>         |
| Fund Balance, June 30                                       | <u><u>\$ 697,770</u></u> |
| <br><u>Reconciliation of Budgetary basis to GAAP basis:</u> |                          |
| Fund balance, budgetary basis, June 30, 2021                | \$ 697,770               |
| Less: Revenues not recognized on a GAAP basis               | (381,105)                |
| Fund balance, GAAP basis, June 30, 2021                     | <u><u>\$ 316,665</u></u> |

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

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

(BUDGETARY BASIS)

Assunpink Center Vocational School: Mechanical, Electrical, Security and General Construction Alterations

Year ended June 30, 2021

|   | Prior<br>Periods  | Current<br>Year | Totals            | Revised<br>Authorized<br>Cost |
|---|-------------------|-----------------|-------------------|-------------------------------|
| <b>Revenues and Other Financing Sources:</b>  |                   |                 |                   |                               |
| Transfer from capital reserve                 | \$ 1,268,697      |                 | \$ 1,268,697      | \$ 1,268,697                  |
| State Sources                                 | 845,798           |                 | 845,798           | 845,798                       |
| Total Revenues and Other Financing Sources    | <u>2,114,495</u>  |                 | <u>2,114,495</u>  | <u>2,114,495</u>              |
| <b>Expenditures and Other Financing Uses:</b> |                   |                 |                   |                               |
| Engineering services                          | 118,020           |                 | 118,020           | 107,000                       |
| Construction Services                         | 1,468,700         |                 | 1,468,700         | 2,007,495                     |
| Total Expenditures and Other Financing Uses   | <u>1,586,720</u>  |                 | <u>1,586,720</u>  | <u>2,114,495</u>              |
| Excess/(Deficiency) of Revenues               |                   |                 |                   |                               |
| Over/(Under) Expenditures                     | <u>\$ 527,775</u> |                 | <u>\$ 527,775</u> | <u>\$ -</u>                   |

Additional Project Information:

|                            |              |
|----------------------------|--------------|
| Project number             | G5-6140      |
| Grant date                 | 8/17/2015    |
| Bond authorization date    | N/A          |
| Bonds Authorized           | N/A          |
| Bonds Issued               | N/A          |
| Original Authorized Cost   | \$ 2,114,495 |
| Additional Authorized Cost |              |
| Revised Authorized Cost    | \$ 2,114,495 |

Percentage Increase (Decrease) over  
Authorized Cost

|                        |           |
|------------------------|-----------|
| Percentage completion  | 75%       |
| Target completion date | June 2022 |

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

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

(BUDGETARY BASIS)

Sypek Center Vocational School: Mechanical, Electrical, Security and General Construction Alterations

Year ended June 30, 2021

|   | Prior<br>Periods  | Current<br>Year     | Totals           | Revised<br>Authorized<br>Cost |
|---|-------------------|---------------------|------------------|-------------------------------|
| <b>Revenues and Other Financing Sources:</b>  |                   |                     |                  |                               |
| Transfer from capital reserve                 | \$ 68,697         |                     | \$ 68,697        | \$ 68,697                     |
| State sources                                 | 845,798           | \$ (200,519)        | 645,279          | 645,279                       |
| Lease proceeds                                | 1,141,574         | (242,354)           | 899,220          | 899,220                       |
| Total Revenues and Other Financing Sources    | <u>2,056,069</u>  | <u>(442,873)</u>    | <u>1,613,196</u> | <u>1,613,196</u>              |
| <b>Expenditures and Other Financing Uses:</b> |                   |                     |                  |                               |
| Engineering services                          | 141,596           |                     | 141,596          | 141,596                       |
| Construction Services                         | 1,471,600         |                     | 1,471,600        | 1,471,600                     |
| Total Expenditures and Other Financing Uses   | <u>1,613,196</u>  |                     | <u>1,613,196</u> | <u>1,613,196</u>              |
| Excess/(Deficiency) of Revenues               |                   |                     |                  |                               |
| Over/(Under) Expenditures                     | <u>\$ 442,873</u> | <u>\$ (442,873)</u> | <u>\$ -</u>      | <u>\$ -</u>                   |

Additional Project Information:

|  |              |
|--|--------------|
| Project number   | G5-6141      |
| Grant date   | 8/17/2015    |
| Bond authorization date                                | N/A          |
| Bonds Authorized                                       | N/A          |
| Bonds Issued   | N/A          |
| Original Authorized Cost                               | \$ 2,056,069 |
| Decrease in Authorized Cost                            | (442,873)    |
| Revised Authorized Cost                                | \$ 1,613,196 |
| Percentage Increase (Decrease) over<br>Authorized Cost | -21.5%       |
| Percentage completion                                  | 100.00%      |
| Target completion date                                 | Complete     |

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

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

(BUDGETARY BASIS)

Assunpink Center Vocational School: IT Upgrades

Year ended June 30, 2021

|   | Prior<br>Periods | Current<br>Year | Totals    | Revised<br>Authorized<br>Cost |
|---|------------------|-----------------|-----------|-------------------------------|
| <b>Revenues and Other Financing Sources:</b>  |                  |                 |           |                               |
| County Sources                                | \$ 118,568       | \$ (59,306)     | \$ 59,262 | \$ 59,262                     |
| Total Revenues and Other Financing Sources    | 118,568          | (59,306)        | 59,262    | 59,262                        |
| <b>Expenditures and Other Financing Uses:</b> |                  |                 |           |                               |
| Construction Services                         | 41,141           | 18,121          | 59,262    | 59,262                        |
| Total Expenditures and Other Financing Uses   | 41,141           | 18,121          | 59,262    | 59,262                        |
| Excess/(Deficiency) of Revenues               |                  |                 |           |                               |
| Over/(Under) Expenditures                     | \$ 77,427        | \$ (77,427)     | \$ -      | \$ -                          |

Additional Project Information:

|  |            |
|--|------------|
| Project number   |            |
| Grant date   |            |
| Bond authorization date                                | N/A        |
| Bonds Authorized                                       | N/A        |
| Bonds Issued   | N/A        |
| Original Authorized Cost                               | \$ 125,000 |
| Decrease in Authorized Cost                            | (65,738)   |
| Revised Authorized Cost                                | \$ 59,262  |
| Percentage Increase (Decrease) over<br>Authorized Cost | -52.6%     |
| Percentage completion                                  | 100%       |
| Target completion date                                 | Complete   |

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

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

(BUDGETARY BASIS)

Site Work

Year ended June 30, 2021

|   | Prior<br>Periods  | Current<br>Year | Totals            | Revised<br>Authorized<br>Cost |
|---|-------------------|-----------------|-------------------|-------------------------------|
| <b>Revenues and Other Financing Sources:</b>  |                   |                 |                   |                               |
| County Sources                                | \$ 262,953        |                 | \$ 262,953        | \$ 262,953                    |
| Total Revenues and Other Financing Sources    | <u>262,953</u>    |                 | <u>262,953</u>    | <u>262,953</u>                |
| <b>Expenditures and Other Financing Uses:</b> |                   |                 |                   |                               |
| Construction Services                         | <u>92,958</u>     |                 | <u>92,958</u>     | <u>262,953</u>                |
| Total Expenditures and Other Financing Uses   | 92,958            |                 | 92,958            | 262,953                       |
| Excess/(Deficiency) of Revenues               |                   |                 |                   |                               |
| Over/(Under) Expenditures                     | <u>\$ 169,995</u> |                 | <u>\$ 169,995</u> | <u>\$ -</u>                   |

Additional Project Information:

|                             |            |
|-----------------------------|------------|
| Project number              |            |
| Grant date                  |            |
| Bond authorization date     | N/A        |
| Bonds Authorized            | N/A        |
| Bonds Issued                | N/A        |
| Original Authorized Cost    | \$ 262,953 |
| Decrease in Authorized Cost | -          |
| Revised Authorized Cost     | \$ 262,953 |

Percentage Increase (Decrease) over  
Authorized Cost

|                        |           |
|------------------------|-----------|
| Percentage completion  | 35.35%    |
| Target completion date | June 2022 |

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

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

(BUDGETARY BASIS)

Sypek: Street Light Addition

Year ended June 30, 2021

|   | Prior<br>Periods | Current<br>Year | Totals     | Revised<br>Authorized<br>Cost |
|---|------------------|-----------------|------------|-------------------------------|
| <b>Revenues and Other Financing Sources:</b>  |                  |                 |            |                               |
| County Sources                                | \$ 160,000       | \$ (39,514)     | \$ 120,486 | \$ 120,486                    |
| Total Revenues and Other Financing Sources    | 160,000          | (39,514)        | 120,486    | 120,486                       |
| <b>Expenditures and Other Financing Uses:</b> |                  |                 |            |                               |
| Construction Services                         | 17,500           | 102,986         | 120,486    | 120,486                       |
| Total Expenditures and Other Financing Uses   | 17,500           | 102,986         | 120,486    | 120,486                       |
| Excess/(Deficiency) of Revenues               |                  |                 |            |                               |
| Over/(Under) Expenditures                     | \$ 142,500       | \$ (142,500)    | \$ -       | \$ -                          |

Additional Project Information:

|  |            |
|--|------------|
| Project number   |            |
| Grant date   |            |
| Bond authorization date                                | N/A        |
| Bonds Authorized                                       | N/A        |
| Bonds Issued   | N/A        |
| Original Authorized Cost                               | \$ 160,000 |
| Decrease in Authorized Cost                            | (39,514)   |
| Revised Authorized Cost                                | \$ 120,486 |
| Percentage Increase (Decrease) over<br>Authorized Cost | -24.7%     |
| Percentage completion                                  | 100.00%    |
| Target completion date                                 | Complete   |

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

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

(BUDGETARY BASIS)

Office Suite Renovations

Year ended June 30, 2021

|   | Prior<br>Periods | Current<br>Year | Totals    | Revised<br>Authorized<br>Cost |
|---|------------------|-----------------|-----------|-------------------------------|
| <b>Revenues and Other Financing Sources:</b>  |                  |                 |           |                               |
| County Sources                                | \$ 65,000        |                 | \$ 65,000 | \$ 65,000                     |
| Total Revenues and Other Financing Sources    | 65,000           |                 | 65,000    | 65,000                        |
| <b>Expenditures and Other Financing Uses:</b> |                  |                 |           |                               |
| Construction Services                         | 31,231           | \$ 33,769       | 65,000    | 65,000                        |
| Total Expenditures and Other Financing Uses   | 31,231           | 33,769          | 65,000    | 65,000                        |
| Excess/(Deficiency) of Revenues               |                  |                 |           |                               |
| Over/(Under) Expenditures                     | \$ 33,769        | \$ (33,769)     | \$ -      | \$ -                          |

Additional Project Information:

|                            |           |
|----------------------------|-----------|
| Project number             |           |
| Grant date                 |           |
| Bond authorization date    | N/A       |
| Bonds Authorized           | N/A       |
| Bonds Issued               | N/A       |
| Original Authorized Cost   | \$ 65,000 |
| Additional Authorized Cost |           |
| Revised Authorized Cost    | \$ 65,000 |

Percentage Increase (Decrease) over  
Authorized Cost

|                        |          |
|------------------------|----------|
| Percentage completion  | 100.00%  |
| Target completion date | Complete |

Long-Term Debt



AREA VOCATIONAL - TECHNICAL SCHOOLS  
 OF MERCER COUNTY SCHOOL DISTRICT  
 LONG TERM DEBT

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Year Ended June 30, 2021

| Purpose                                       | Amount of<br>Original Issue | Maturities |            | Interest<br>Rate | Balance<br>July 1, 2020 | Retired           | Balance<br>June 30, 2020 |
|---|-----------------------------|------------|------------|------------------|-------------------------|-------------------|--------------------------|
|   |                             | Date       | Amount     |                  |                         |                   |                          |
| Energy Savings Improvement Plan Capital Lease | \$ 11,200,000               | 7/15/2021  | \$ 810,000 | 3.85%            | \$ 5,990,000            | \$ 770,000        | \$ 5,220,000             |
|   |                             | 7/15/2022  | 790,000    | 3.85%            |                         |                   |                          |
|   |                             | 7/15/2023  | 840,000    | 3.85%            |                         |                   |                          |
|   |                             | 7/15/2024  | 880,000    | 3.85%            |                         |                   |                          |
|   |                             | 7/15/2025  | 925,000    | 3.85%            |                         |                   |                          |
|   |                             | 7/15/2026  | 975,000    | 3.85%            |                         |                   |                          |
| 2018-19 Capital Equipment Lease               | 86,440                      | 7/15/2021  | 11,309     | 3.80%            | 33,944                  | 10,895            | 23,049                   |
|   |                             | 7/15/2022  | 11,740     | 3.80%            |                         |                   |                          |
|   |                             |            |            |                  | <u>\$ 6,023,944</u>     | <u>\$ 780,895</u> | <u>\$ 5,243,049</u>      |

**Statistical Section  
(Unaudited)**

**Statistical Section**  
**Unaudited**

**Contents**

**Financial Trends**

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

**Demographic and Economic Information**

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

**Operating Information**

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

**Revenue Capacity**

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax. These schedules are not applicable to Area Vocational-Technical Schools of Mercer County 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.

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

|   | June 30,      |               |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          | 2021          |
| <b>Governmental activities:</b>             |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$ 9,825,725  | \$ 10,974,824 | \$ 17,146,622 | \$ 18,021,560 | \$ 18,177,214 | \$ 19,222,712 | \$ 20,326,428 | \$ 20,632,239 | \$ 21,452,163 | \$ 20,929,988 |
| Restricted                                  | 1,486,672     | 2,231,457     | 2,565,448     | 2,722,326     | 4,459,879     | 4,254,896     | 4,212,218     | 4,936,412     | 5,880,870     | 8,291,938     |
| Unrestricted (deficit)                      | 451,476       | 102,687       | 152,319       | (5,410,629)   | (6,133,111)   | (6,910,963)   | (6,896,118)   | (7,013,830)   | (6,509,321)   | (6,347,094)   |
| Total governmental activities net position  | \$ 11,763,873 | \$ 13,308,968 | \$ 19,864,389 | \$ 15,333,257 | \$ 16,503,982 | \$ 16,566,645 | \$ 17,642,528 | \$ 18,554,821 | \$ 20,823,712 | \$ 22,874,832 |
| <b>Business-type activities:</b>            |               |               |               |               |               |               |               |               |               |               |
| Unrestricted                                | \$ -          | \$ -          | \$ -          | \$ 20,708     | \$ 50,848     | \$ 1,808      | \$ 8,378      | \$ -          | \$ -          | \$ -          |
| Total business-type activities net position | \$ -          | \$ -          | \$ -          | \$ 20,708     | \$ 50,848     | \$ 1,808      | \$ 8,378      | \$ -          | \$ -          | \$ -          |
| <b>Government-wide:</b>                     |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$ 9,825,725  | \$ 10,974,824 | \$ 17,146,622 | \$ 18,021,560 | \$ 18,177,214 | \$ 19,222,712 | \$ 20,326,428 | \$ 20,632,239 | \$ 21,452,163 | \$ 20,929,988 |
| Restricted                                  | 1,486,672     | 2,231,457     | 2,565,448     | 2,722,326     | 4,459,879     | 4,254,896     | 4,212,218     | 4,936,412     | 5,880,870     | 8,291,938     |
| Unrestricted (deficit)                      | 451,476       | 102,687       | 152,319       | (5,389,921)   | (6,082,263)   | (6,909,155)   | (6,887,740)   | (7,013,830)   | (6,509,321)   | (6,347,094)   |
| Total government-wide net position          | \$ 11,763,873 | \$ 13,308,968 | \$ 19,864,389 | \$ 15,353,965 | \$ 16,554,830 | \$ 16,568,453 | \$ 17,650,906 | \$ 18,554,821 | \$ 20,823,712 | \$ 22,874,832 |

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 \$5,775,933.

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 \$162,689.

This amount is not reflected in the June 30, 2020 Net Position, above.

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY 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         |
| <b>Expenses:</b>                                    |                     |              |              |              |              |              |              |              |              |              |
| Governmental Activities:                            |                     |              |              |              |              |              |              |              |              |              |
| Current:  |                     |              |              |              |              |              |              |              |              |              |
| Vocational Education                                | \$ 3,035,578        | \$ 3,222,243 | \$ 3,328,663 | \$ 3,848,035 | \$ 4,203,647 | \$ 4,927,850 | \$ 5,324,742 | \$ 5,260,694 | \$ 4,874,292 | \$ 5,196,261 |
| Special Vocational Education                        | 1,440,109           | 1,668,596    | 1,705,383    | 1,883,263    | 2,003,214    | 2,209,012    | 1,950,542    | 2,140,608    | 2,077,871    | 2,185,336    |
| Support Services and Undistributed Costs:           |                     |              |              |              |              |              |              |              |              |              |
| Student and Instruction Related Services            | 1,103,425           | 1,229,170    | 1,238,275    | 1,367,682    | 1,578,392    | 2,164,263    | 2,249,689    | 1,868,201    | 2,355,052    | 2,746,409    |
| General Administrative Services                     | 604,246             | 584,712      | 622,392      | 733,432      | 766,738      | 835,040      | 726,390      | 807,260      | 830,732      | 868,408      |
| Plant Operations and Maintenance                    | 809,625             | 883,739      | 885,199      | 954,242      | 967,944      | 1,134,178    | 1,213,086    | 1,062,957    | 1,284,483    | 951,740      |
| Capital Services/Benefits/Admin Info Tech           | 1,588,410           | 1,596,178    | 1,600,634    | 1,746,017    | 1,769,525    | 1,743,880    | 1,666,374    | 1,840,050    | 1,795,304    | 1,883,509    |
| Central Schools                                     | 15,640              | 20,338       | 25,366       | 31,411       | 19,230       | 19,230       | 90,994       | 32,244       | 49,205       | 4,238        |
| Interest on Long Term Obligations                   | 610,222             | 608,669      | 685,163      | 707,130      | 706,504      | 809,648      | 1,120,635    | 1,268,542    | 1,337,906    | 1,464,240    |
| Total governmental activities expenses              | 3,960,236           | 1,922,022    | 1,901,174    | 1,853,901    | 2,084,478    | 2,298,668    | 2,142,790    | 2,030,560    | 1,027,344    | 622,761      |
| Business-Type Activities:                           |                     |              |              |              |              |              |              |              |              |              |
| Rubino Academy                                      | 415,981             | 419,558      | 427,910      | 365,488      | 356,459      | 327,362      | 294,742      | 266,572      | 231,693      | 203,099      |
| H O S A   | 13,583,472          | 12,155,225   | 12,420,159   | 13,470,601   | 14,415,661   | 16,469,131   | 16,779,984   | 16,567,648   | 15,307,882   | 16,126,001   |
| Business-Type Activities:                           |                     |              |              |              |              |              |              |              |              |              |
| Rubino Academy                                      | 2,432,215           | 2,792,285    | 2,792,285    | 2,639,250    | 2,298,370    | 1,882,070    | 1,697,765    | 2,091,182    | 1,979,472    | 1,761,434    |
| H O S A   | 14,587,440          | 14,587,440   | 15,212,444   | 16,175,420   | 16,714,031   | 18,351,201   | 18,477,749   | 18,658,830   | 17,287,354   | 17,887,455   |
| Total business-type activities: expenses            | 13,583,472          | 14,587,440   | 15,212,444   | 16,175,420   | 16,714,031   | 18,351,201   | 18,477,749   | 18,658,830   | 17,287,354   | 17,887,455   |
| Total district program revenues                     | 2,611,085           | 1,031,750    | 1,397,363    | 1,733,380    | 2,357,440    | 3,380,962    | 3,819,606    | 4,081,204    | 4,027,333    | 3,960,449    |
| Operating Grants and Contributions                  | 437,251             | 441,596      | 476,502      | 517,310      | 620,306      | 544,921      | 658,135      | 518,029      | 580,055      | 707,489      |
| Capital Grants and Contributions                    | 3,048,286           | 1,473,346    | 1,873,865    | 2,250,690    | 3,601,414    | 4,412,317    | 4,984,363    | 5,149,640    | 5,388,784    | 4,829,937    |
| Business-Type Activities:                           |                     |              |              |              |              |              |              |              |              |              |
| Charges for Services                                | 2,432,215           | 2,792,285    | 2,792,285    | 2,725,527    | 2,328,510    | 1,833,030    | 1,704,335    | 2,078,650    | 1,979,472    | 1,761,434    |
| Total business-type activities: program revenues    | 2,432,215           | 2,792,285    | 2,792,285    | 2,725,527    | 2,328,510    | 1,833,030    | 1,704,335    | 2,078,650    | 1,979,472    | 1,761,434    |
| Total district program revenues                     | 3,048,286           | 3,905,561    | 4,666,150    | 4,976,217    | 5,929,924    | 6,245,347    | 6,688,698    | 7,228,290    | 7,368,256    | 6,591,371    |
| Net (Expense)/Revenue:                              | (10,555,186)        | (10,681,879) | (10,546,294) | (11,219,911) | (10,814,247) | (12,056,814) | (11,795,621) | (11,418,008) | (9,919,098)  | (11,296,064) |
| Governmental Activities:                            |                     |              |              |              |              |              |              |              |              |              |
| Business-type activities                            | (10,555,186)        | (10,681,879) | (10,546,294) | (11,199,203) | (10,784,107) | (12,105,854) | (11,789,051) | (11,430,540) | (9,919,098)  | (11,296,064) |
| General Revenues and Other Changes in Net Position: |                     |              |              |              |              |              |              |              |              |              |
| County Taxes / Appropriation                        | 6,134,097           | 8,243,485    | 12,944,147   | 7,631,695    | 6,685,363    | 6,762,253    | 6,887,498    | 7,035,448    | 7,176,157    | 7,176,157    |
| State and Federal Sources                           | 2,970,568           | 3,060,513    | 3,002,117    | 3,845,589    | 4,310,883    | 5,019,211    | 5,738,142    | 5,039,912    | 4,613,105    | 5,750,282    |
| Miscellaneous Income                                | 937,841             | 922,976      | 1,155,451    | 987,428      | 988,726      | 338,013      | 235,864      | 234,941      | 398,727      | 258,056      |
| Total governmental activities                       | 9,992,306           | 12,226,974   | 17,101,715   | 12,464,712   | 11,984,972   | 12,119,477   | 12,871,504   | 12,350,301   | 12,187,989   | 13,184,495   |
| Business-type activities:                           |                     |              |              |              |              |              |              |              |              |              |
| Miscellaneous Income                                |                     |              |              |              |              |              |              | 4,154        |              |              |
| Total business-type activities                      |                     |              |              |              |              |              |              | 4,154        |              |              |
| Total district-wide                                 | 9,992,306           | 12,226,974   | 17,101,715   | 12,464,712   | 11,984,972   | 12,119,477   | 12,871,504   | 12,334,455   | 12,187,989   | 13,184,495   |
| Change in Net Position:                             |                     |              |              |              |              |              |              |              |              |              |
| Governmental Activities                             | (542,680)           | 1,545,095    | 6,555,421    | 1,244,801    | 1,170,725    | 62,663       | 1,075,883    | 912,293      | 2,268,891    | 1,888,431    |
| Business-type activities                            | (542,680)           | 1,545,095    | 6,555,421    | 1,244,801    | 1,170,725    | 62,663       | 1,075,883    | 912,293      | 2,268,891    | 1,888,431    |
| Total district                                      | (542,680)           | 1,545,095    | 6,555,421    | 1,244,801    | 1,170,725    | 62,663       | 1,075,883    | 912,293      | 2,268,891    | 1,888,431    |

Source: ACFR Schedule A-2 and District records.

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

GASB 75 was implemented in the 2018 fiscal year, which increased the state and federal sources 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.

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

|                                      | June 30,     |              |              |              |              |              |              |              |              |              |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                      | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021*        |
| General Fund:                        |              |              |              |              |              |              |              |              |              |              |
| Restricted for                       | \$ 1,486,672 | \$ 2,231,457 | \$ 2,565,448 | \$ 2,709,951 | \$ 2,855,791 | \$ 3,380,647 | \$ 3,614,983 | \$ 4,376,793 | \$ 5,321,851 | \$ 7,940,842 |
| Assigned to                          | 692,391      | 230,185      | 316,031      | 527,105      | 7,142        | 66,604       | 232,009      | 62,451       | 428,742      | 338,718      |
| Unassigned                           | 533,077      | 395,546      | 419,956      | 429,573      | 522,748      | 498,096      | 529,730      | 544,370      | 506,906      | 441,091      |
| Total General Fund                   | \$ 2,712,140 | \$ 2,857,188 | \$ 3,301,435 | \$ 3,666,629 | \$ 3,385,681 | \$ 3,945,347 | \$ 4,376,722 | \$ 4,983,614 | \$ 6,257,499 | \$ 8,720,651 |
| All Other Governmental Funds:        |              |              |              |              |              |              |              |              |              |              |
| Unreserved, Reported In:             |              |              |              |              |              |              |              |              |              |              |
| Capital Projects Fund (deficit)      | \$           | 518          |              |              |              |              |              |              |              | \$ 34,431    |
| Restricted for Special Revenue Fund* |              |              |              | \$ 12,375    | \$ 1,661,891 | \$ 932,240   | \$ 655,661   | \$ 559,619   | \$ 559,019   | \$ 316,665   |
| Restricted for Capital Projects      |              |              |              |              |              |              |              |              |              |              |
| Total All Other Governmental Funds   | \$ 518       | \$ -         | \$ -         | \$ 12,375    | \$ 1,661,891 | \$ 932,240   | \$ 655,661   | \$ 559,619   | \$ 559,019   | \$ 351,096   |

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.

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY 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         |
| <b>Revenues:</b>  |                     |              |              |              |              |              |              |              |              |              |
| County Appropriation / Tax Levy                           | \$ 6,134,097        | \$ 6,379,461 | \$ 6,467,961 | \$ 6,467,961 | \$ 6,629,660 | \$ 6,762,253 | \$ 6,897,498 | \$ 7,035,448 | \$ 7,176,157 | \$ 7,176,157 |
| County Appropriation / Capital Projects Fund              | 2,611,035           | 1,864,024    | 6,476,186    | 1,163,734    | 55,703       |              |              |              |              |              |
| Tuition   | 2,935               | 1,031,750    | 1,397,363    | 1,733,380    | 2,357,440    | 2,804,093    | 3,234,147    | 3,475,437    | 3,720,807    | 3,871,457    |
| Interest Earnings   | 948,211             | 2,099        | 1,794        | 1,827        | 4,815        | 7,669        | 28,713       | 57,403       | 47,782       | 2,458        |
| Miscellaneous   | 2,867,786           | 920,877      | 1,187,127    | 939,147      | 1,077,823    | 907,213      | 1,154,846    | 1,391,214    | 1,438,467    | 508,212      |
| State Sources   | 476,728             | 3,080,982    | 3,016,418    | 3,140,578    | 4,064,088    | 3,877,425    | 4,028,134    | 4,102,362    | 4,285,899    | 4,627,148    |
| Federal Sources   | 13,040,792          | 421,127      | 454,161      | 491,137      | 468,354      | 519,946      | 485,587      | 390,126      | 406,595      | 598,012      |
| Total Revenues  | 13,040,792          | 13,700,320   | 19,001,010   | 13,937,764   | 14,657,883   | 14,878,599   | 15,828,925   | 16,451,990   | 17,075,707   | 16,783,444   |
| <b>Expenditures:</b>                                      |                     |              |              |              |              |              |              |              |              |              |
| <b>Instruction:</b>                                       |                     |              |              |              |              |              |              |              |              |              |
| Regular Instruction                                       | 979,183             | 1,095,073    | 1,114,374    | 2,422,239    | 2,505,922    | 2,512,063    | 2,830,406    | 3,043,291    | 2,836,993    | 2,933,592    |
| Special Education Instruction                             | 2,140,412           | 2,220,331    | 2,263,532    | 1,135,116    | 1,144,187    | 1,273,689    | 1,053,536    | 1,214,845    | 1,212,481    | 1,200,751    |
| <b>Support Services:</b>                                  |                     |              |              |              |              |              |              |              |              |              |
| Student and Instruction Related Services                  | 767,265             | 828,845      | 818,284      | 843,437      | 944,223      | 1,123,759    | 1,173,023    | 1,027,721    | 1,342,496    | 1,542,701    |
| General Administration                                    | 403,236             | 416,844      | 433,215      | 473,236      | 474,167      | 484,134      | 427,765      | 512,258      | 547,503      | 535,015      |
| School Administrative Services                            | 542,501             | 571,793      | 571,123      | 550,415      | 565,965      | 567,240      | 600,551      | 563,992      | 408,132      | 517,656      |
| Central Services  | 191,036             | 217,133      | 249,582      | 188,303      | 194,856      | 216,683      | 298,623      | 375,146      | 345,232      | 373,903      |
| Admin. Information Technology                             | 246,247             | 198,058      | 230,671      | 267,552      | 240,831      | 285,455      | 363,617      | 405,676      | 588,564      | 540,279      |
| Plant Operations and Maintenance                          | 1,185,631           | 1,068,878    | 1,136,740    | 1,179,485    | 1,168,244    | 1,117,284    | 1,083,857    | 1,197,520    | 1,191,849    | 1,220,509    |
| Pupil Transportation                                      | 13,714              | 17,458       | 21,299       | 26,463       | 24,447       | 16,332       | 50,501       | 18,422       | 32,479       | 3,480        |
| Employee Benefits   | 2,171,923           | 2,372,496    | 2,352,347    | 2,518,099    | 2,773,564    | 3,213,695    | 3,577,816    | 3,800,739    | 3,632,198    | 3,744,680    |
| Special Schools   | 3,567,078           | 1,515,673    | 1,500,642    | 1,364,351    | 1,431,568    | 1,463,076    | 1,378,022    | 1,402,632    | 761,207      | 463,493      |
| <b>Debt Service:</b>                                      |                     |              |              |              |              |              |              |              |              |              |
| Principal   |                     | 390,000      | 650,000      | 680,000      | 893,502      | 924,943      | 958,527      | 979,167      | 927,406      | 780,895      |
| Interest  |                     | 639,293      | 403,673      | 377,487      | 362,537      | 340,205      | 309,478      | 278,600      | 246,356      | 217,083      |
| Cost of Issuance  | 41,200              |              |              |              |              |              |              |              |              |              |
| Capital Outlay  | 12,628,046          | 2,003,915    | 6,811,281    | 1,534,012    | 1,765,302    | 1,510,026    | 1,568,407    | 1,144,961    | 1,729,526    | 616,867      |
| Total Expenditures  | 24,877,472          | 13,555,790   | 18,556,763   | 13,560,195   | 14,489,315   | 15,048,584   | 15,674,129   | 15,965,000   | 15,802,422   | 14,690,904   |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (11,836,680)        | 144,530      | 444,247      | 377,569      | 168,568      | (169,985)    | 154,796      | 486,990      | 1,273,285    | 2,092,540    |
| <b>Other Financing Sources/(Uses):</b>                    |                     |              |              |              |              |              |              |              |              |              |
| Cancellation of capital lease proceeds                    |                     |              |              |              |              |              |              |              | (58,426)     |              |
| Proceeds from Capital Leases                              | 11,200,000          |              |              | 60,000       | 1,200,000    |              | 60,435       | 86,440       |              | 242,354      |
| Transfers In  |                     |              |              | (60,000)     | 1,337,394    | 588          | (60,435)     | (4,154)      |              | (242,354)    |
| Transfers Out   |                     |              |              |              | (1,337,394)  | (588)        | (60,435)     |              |              |              |
| Total Other Financing Sources/(Uses)                      | 11,200,000          |              |              | -            | 1,200,000    | -            | -            | 23,860       |              |              |
| Net Change in Fund Balances                               | \$ (636,680)        | \$ 144,530   | \$ 444,247   | \$ 377,569   | \$ 1,368,568 | \$ (169,985) | \$ 154,796   | \$ 510,850   | \$ 1,273,285 | \$ 2,092,540 |
| Debt Service as a Percentage of Noncapital Expenditures   |                     | 9%           | 9%           | 9%           | 10%          | 9%           | 9%           | 8%           | 8%           | 7%           |

Source: ACFR Schedule B-2 and District records.

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)

| Fiscal<br>Year Ending<br>June 30, | HCC/Evening<br>School Fees | Interest on<br>Investments | Textbook<br>Sales | Miscellaneous | Program<br>Sales | Total      |
|-----------------------------------|----------------------------|----------------------------|-------------------|---------------|------------------|------------|
| 2012                              | \$ 707,695                 | \$ 2,417                   | \$ 38,269         | \$ 186,525    | \$               | \$ 934,906 |
| 2013                              | 686,473                    | 2,099                      | 23,337            | 165,912       | \$ 45,155        | 922,976    |
| 2014                              | 752,580                    | 1,794                      | 15,896            | 375,383       | 35,228           | 1,180,881  |
| 2015                              | 664,816                    | 1,827                      | 18,069            | 206,907       | 39,542           | 931,161    |
| 2016                              | 592,650                    | 4,815                      | 23,808            | 429,480       | 31,285           | 1,082,038  |
| 2017                              | 576,869                    | 7,081                      | 20,482            | 276,219       | 33,643           | 914,294    |
| 2018                              | 585,459                    | 28,278                     | 19,947            | 170,458       | 16,746           | 820,888    |
| 2019                              | 605,767                    | 57,403                     | 19,834            | 214,028       | 26,256           | 923,288    |
| 2020                              | 306,526                    | 47,782                     | 17,745            | 313,174       | 20,026           | 705,253    |
| 2021                              | 88,992                     | 2,458                      | 100               | 255,494       | -                | 347,044    |

Source: District records



AREA VOCATIONAL-TECHNICAL SCHOOLS  
 OF MERCER COUNTY SCHOOL DISTRICT  
 Ratios of Outstanding Debt by Type  
 LAST TEN FISCAL YEARS  
 UNAUDITED

| Year Ended<br>June 30, | <u>Governmental Activities</u> |                | Percentage of                |    | Per Capita <sup>a</sup> |
|------------------------|--------------------------------|----------------|------------------------------|----|-------------------------|
|                        | Capital Leases                 | Total District | Personal Income <sup>a</sup> |    |                         |
| 2012                   | \$ 11,200,000                  | \$ 11,200,000  | 0.06%                        | \$ | 30.4                    |
| 2013                   | 10,810,000                     | 10,810,000     | 0.05%                        |    | 29.3                    |
| 2014                   | 10,160,000                     | 10,160,000     | 0.05%                        |    | 27.4                    |
| 2015                   | 9,480,000                      | 9,480,000      | 0.04%                        |    | 25.5                    |
| 2016                   | 9,786,498                      | 9,786,498      | 0.04%                        |    | 26.4                    |
| 2017                   | 8,861,555                      | 8,861,555      | 0.04%                        |    | 23.9                    |
| 2018                   | 7,903,028                      | 7,903,028      | 0.03%                        |    | 21.1                    |
| 2019                   | 7,010,301                      | 7,010,301      | 0.03%                        |    | 19.0                    |
| 2020                   | 6,023,944                      | 6,023,944      | 0.02%                        |    | 16.4                    |
| 2021                   | 5,243,049                      | 5,243,049      | 0.02%                        |    | 14.3                    |

Source: District CAFR Schedule I-2 and District records.

Note: Details regarding the District's outstanding debt can be found in Note 5 to the basic financial statements.

**a** See J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

| Year | Population <sup>a</sup> | Personal Income <sup>b</sup> | Per<br>Capita<br>Personal<br>Income <sup>c</sup> | Unemployment<br>Rate <sup>d</sup> |
|------|-------------------------|------------------------------|--|-----------------------------------|
| 2012 | 367,908                 | \$ 20,087,776,800            | \$ 54,600  | 7.8%                              |
| 2013 | 369,171                 | 21,032,041,041               | 56,971   | 6.7%                              |
| 2014 | 370,984                 | 22,076,515,872               | 59,508   | 5.7%                              |
| 2015 | 371,601                 | 21,301,284,123               | 57,323   | 4.7%                              |
| 2016 | 371,398                 | 22,237,455,250               | 59,875   | 4.8%                              |
| 2017 | 371,023                 | 23,466,091,681               | 63,247   | 4.3%                              |
| 2018 | 374,733                 | 23,696,990,721               | 63,237   | 4.1%                              |
| 2019 | 369,811                 | 24,534,371,173               | 66,343   | 3.7%                              |
| 2020 | 367,430                 | 25,479,065,920               | 69,344   | 3.2%                              |
| 2021 | 367,239                 | 26,364,087,810               | 71,790   | 7.4%                              |

**Source:**

- <sup>a</sup> US Bureau of the Census, Population Division, provided by the NJ Dept of Labor and Workforce Development
- <sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.
- <sup>c</sup> Per capita personal income estimated based upon the November 2015 Census published by the US Bureau of Economic Analysis.
- <sup>d</sup> Provided by New Jersey Department of Labor and Workforce Development.

Per capita personal income was computed using Census Bureau midyear population estimates.

Estimates for 2012-2015 reflect county population estimates available as of March 2016.  
Data reflects revised estimates for 2012-2021.

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS  
(UNAUDITED)

| Function/Program                         | <u>2012</u>  | <u>2013</u>  | <u>2014</u>  | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u>  | <u>2019</u>  | <u>2020</u>  | <u>2021</u> |
|--|--------------|--------------|--------------|-------------|-------------|-------------|--------------|--------------|--------------|-------------|
| Instruction:                             |              |              |              |             |             |             |              |              |              |             |
| Vocational - Regular                     | 25.0         | 25.5         | 25.0         | 26.0        | 27.5        | 28.5        | 31.3         | 37.9         | 35.4         | 32.4        |
| Vocational - Special                     | 10.0         | 10.0         | 11.0         | 11.5        | 10.5        | 11.0        | 11.0         | 11.5         | 9.6          | 11.6        |
| Support Services:                        |              |              |              |             |             |             |              |              |              |             |
| Student and Instruction Related Services | 19.0         | 20.0         | 19.0         | 17.5        | 18.0        | 18.0        | 19.0         | 18.0         | 23.0         | 22.0        |
| General Administration                   | 3.0          | 3.0          | 3.0          | 3.0         | 3.0         | 3.0         | 2.0          | 2.0          | 2.0          | 2.0         |
| School Administrative Services           | 9.0          | 9.0          | 9.0          | 9.0         | 8.0         | 8.0         | 10.0         | 9.0          | 6.0          | 6.0         |
| Central Services                         | 21.5         | 21.0         | 22.0         | 20.0        | 19.0        | 19.0        | 19.0         | 18.0         | 19.0         | 19.0        |
| Vocational - Post Secondary              | <u>15.0</u>  | <u>15.0</u>  | <u>13.0</u>  | <u>11.0</u> | <u>10.0</u> | <u>10.0</u> | <u>8.0</u>   | <u>11.0</u>  | <u>5.0</u>   | <u>4.0</u>  |
| Total                                    | <u>102.5</u> | <u>103.5</u> | <u>102.0</u> | <u>98.0</u> | <u>96.0</u> | <u>97.5</u> | <u>100.3</u> | <u>107.4</u> | <u>100.0</u> | <u>97.0</u> |

Source: District Personnel Records

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
OPERATING STATISTICS

LAST TEN FISCAL YEARS  
(UNAUDITED)

| <u>Fiscal Year</u> | <u>Enrollment</u> | <u>Operating Expenditures<sup>a</sup></u> | <u>Cost Per Pupil</u> | <u>Percentage Change</u> | <u>Teaching Staff<sup>b</sup></u> | <u>Pupil/Teacher Ratio</u> | <u>Average Daily Enrollment (ADE)<sup>c</sup></u> | <u>Average Daily Attendance (ADA)<sup>c</sup></u> | <u>Percentage Change in Average Daily Enrollment</u> | <u>Student Attendance Percentage</u> |
|--------------------|-------------------|---|-----------------------|--------------------------|-----------------------------------|----------------------------|---|---|--|--------------------------------------|
| 2012               | 865               | \$ 12,208,226                             | \$ 14,114             | -21.25%                  | 50                                | 17.30                      | 836.00  | 791.00  | 19.48%   | 94.62%                               |
| 2013               | 877               | 10,522,582                                | 11,998                | -14.99%                  | 51                                | 17.37                      | 847.00  | 784.00  | 1.32%  | 90.20%                               |
| 2014               | 886               | 10,691,809                                | 12,068                | 0.58%                    | 45                                | 19.69                      | 883.00  | 846.00  | 4.25%  | 95.49%                               |
| 2015               | 884               | 10,968,696                                | 12,408                | 2.82%                    | 45                                | 19.64                      | 883.00  | 842.00  | 0.00%  | 95.25%                               |
| 2016               | 878               | 11,467,974                                | 13,061                | 5.27%                    | 47                                | 18.68                      | 887.00  | 842.00  | 0.45%  | 95.90%                               |
| 2017               | 935               | 12,273,410                                | 13,127                | 0.50%                    | 49                                | 19.08                      | 977.12  | 927.80  | 10.16%   | 99.23%                               |
| 2018               | 879               | 12,837,717                                | 14,605                | 11.26%                   | 53                                | 16.58                      | 983.22  | 925.82  | 0.62%  | 105.33%                              |
| 2019               | 929               | 13,562,272                                | 14,599                | -0.04%                   | 49                                | 18.96                      | 1058.03   | 998.83  | 7.61%  | 107.52%                              |
| 2020               | 954               | 12,899,134                                | 13,521                | -7.38%                   | 46                                | 20.74                      | 937.80  | 896.85  | -11.36%  | 94.01%                               |
| 2021               | 1,015             | 13,076,059                                | 12,883                | -4.72%                   | 45                                | 22.56                      | 980.22  | 590.48  | 4.52%  | 58.18%                               |

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).

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS  
(UNAUDITED)

| <u>District/Building</u>     | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>High School:</b>          |             |             |             |             |             |             |             |             |             |             |
| Assumpink (1972)             |             |             |             |             |             |             |             |             |             |             |
| Square Feet                  | 90,768      | 90,768      | 90,768      | 90,768      | 90,768      | 90,768      | 90,768      | 90,768      | 90,768      | 90,768      |
| Capacity (Students)          | 336         | 380         | 380         | 380         | 380         | 380         | 380         | 380         | 380         | 380         |
| Enrollment                   | 355         | 372         | 372         | 345         | 380         | 397         | 355         | 355         | 418         | 429         |
| Sypek (1974)                 |             |             |             |             |             |             |             |             |             |             |
| Square Feet                  | 90,713      | 90,713      | 90,713      | 90,713      | 90,713      | 90,713      | 90,713      | 90,713      | 90,713      | 90,713      |
| Capacity (Students)          | 444         | 444         | 444         | 444         | 444         | 444         | 444         | 444         | 444         | 444         |
| Enrollment                   | 339         | 368         | 368         | 481         | 478         | 493         | 465         | 465         | 548         | 586         |
| <b>Other:</b>                |             |             |             |             |             |             |             |             |             |             |
| Health Careers Center (1911) |             |             |             |             |             |             |             |             |             |             |
| Square Feet                  | 26,984      | 26,984      | 26,984      | 26,984      | 26,984      | 26,984      | 26,984      | 26,984      | 26,984      | 26,984      |
| Capacity (Students)          | 200         | 200         | 200         | 200         | 200         | 200         | 200         | 200         | 200         | 200         |
| Enrollment                   | 171         | 162         | 162         | 171         | 156         | 142         | 170         | 149         | -           | -           |

Number of Schools at June 30, 2021

    High Schools = 2

    Other = 1

Source: District Facilities Office

Note: Enrollment is based on the annual October District count.

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

SCHEDULE OF REQUIRED MAINTENANCE

LAST TEN FISCAL YEARS  
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-xxx

| Year                    | Assunpink<br>Buildings | Sypek<br>Buildings | Other<br>Buildings | Total             |
|-------------------------|------------------------|--------------------|--------------------|-------------------|
| 2012                    | \$ 26,160              | \$ 32,816          | \$ 7,702           | \$ 66,678         |
| 2013                    | 25,220                 | 25,963             | 6,902              | 58,085            |
| 2014                    | 25,960                 | 25,944             | 7,717              | 59,621            |
| 2015                    | 25,960                 | 25,944             | 7,541              | 59,445            |
| 2016                    | 22,082                 | 25,827             | 7,893              | 55,802            |
| 2017                    | 29,836                 | 25,694             | 7,665              | 63,195            |
| 2018                    | 24,834                 | 26,312             | 7,769              | 58,915            |
| 2019                    | 24,091                 | 28,940             | 9,302              | 62,333            |
| 2020                    | 25,960                 | 25,944             | 10,629             | 62,533            |
| 2021                    | 17,924                 | 17,519             | 7,015              | 42,458            |
| Total School Facilities | <u>\$ 295,123</u>      | <u>\$ 302,688</u>  | <u>\$ 121,030</u>  | <u>\$ 718,841</u> |

\* School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26-1.3)

Source: District records

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

INSURANCE SCHEDULE  
(UNAUDITED)

June 30, 2021

|   | <u>Coverage</u> | <u>Deductible</u>    |
|---|-----------------|----------------------|
| Burlington County Insurance Pool Joint Insurance Fund:  |                 |                      |
| Property, Inland Marine and Automobile Physical Damages | \$ 175,000,000  | \$ 500               |
| Boiler and Machinery                                    | 125,000,000     | 1,000                |
| Crime   | 500,000         | 500                  |
| General and Automobile Liability                        | 20,000,000      |                      |
| Workers' Compensation                                   | Statutory       |                      |
| Educator's Legal Liability                              | 20,000,000      |                      |
| Pollution Legal Liability                               | 3,000,000       | 25,000               |
|   |                 | \$100,000 -          |
|   |                 | \$250,000 Each       |
| -Mold   |                 | Mold Incident *      |
| Cyber Liability   | 2,000,000       | \$50,000 - \$100,000 |
| Crisis Protection and Disaster Management Services      | 1,000,000       | 10,000               |

\* Mold deductibles are tiered based upon the age of applicable individual structures  
(0-20 years \$50,000 / 20-50 years \$100,000 / 50+ years \$250,000)

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  
Area Vocational-Technical Schools of Mercer County 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 Area Vocational-Technical Schools of Mercer County 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 14, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

### **Purpose of this Report**

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



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

Florham Park, New Jersey  
February 14, 2022



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

Independent Auditors' Report

Honorable President and  
Members of the Board of Education  
Area Vocational-Technical Schools of Mercer County School District  
Hamilton, New Jersey  
County of Mercer

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

We have audited the Area Vocational-Technical Schools of Mercer County School District's, in the County of Mercer, New Jersey (the "District") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021. The District's major 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 state statutes, regulations and the terms and conditions of its state awards applicable to its state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major 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 New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and requirements 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 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 state program. However, our audit does not provide a legal determination of the District's compliance.

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

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

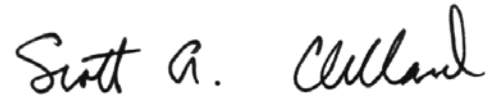
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 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 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

Florham Park, New Jersey  
February 14, 2022

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2021

| Federal Grantor/Pass-Through Grantor/<br>Program Title                          | Federal<br>AL<br>Number | Federal<br>FAIN<br>Number | Program or<br>Award<br>Amount | Grant Period |            | Balance, June 30, 2020   |                      | Cash<br>Received | Budgetary<br>Expenditures | Repayment<br>of Prior<br>Years'<br>Balances | Balance, June 30, 2021   |                      |
|---|-------------------------|---------------------------|-------------------------------|--------------|------------|--------------------------|----------------------|------------------|---------------------------|---|--------------------------|----------------------|
|   |                         |                           |                               | From         | To         | (Accounts<br>Receivable) | Uncearned<br>Revenue |                  |                           |   | (Accounts<br>Receivable) | Uncearned<br>Revenue |
| <b>U.S. Department of Education</b>   |                         |                           |                               |              |            |                          |                      |                  |                           |   |                          |                      |
| <b>Passed-Through State Department of Education:</b>                            |                         |                           |                               |              |            |                          |                      |                  |                           |   |                          |                      |
| Special Revenue Fund:   |                         |                           |                               |              |            |                          |                      |                  |                           |   |                          |                      |
| Perkins (P.L. 101-391)  |                         |                           |                               |              |            |                          |                      |                  |                           |   |                          |                      |
| 84.048A   | V048A190030             |                           | \$ 215,573                    | 7/1/2019     | 6/30/2020  | \$ (33,825)              | \$ 33,825            |                  |                           |   |                          |                      |
| 84.048A   | V048A200030             |                           | 257,078                       | 7/1/2020     | 6/30/2021  | (762)                    | 187,117              | \$ (254,873)     |                           |   | \$ (67,756)              |                      |
| 84.048A   | V048A190030             |                           | 27,707                        | 7/1/2019     | 6/30/2020  |                          | 762                  |                  |                           |   |                          |                      |
| 84.048A   | V048A200030             |                           | 26,945                        | 7/1/2020     | 6/30/2021  | (27,962)                 | 26,945               | (26,945)         |                           |   |                          |                      |
| 84.010A   | S010A190030             |                           | 114,516                       | 7/1/2019     | 9/30/2020  |                          | 27,962               |                  |                           |   |                          |                      |
| 84.010A   | S010A200030             |                           | 130,109                       | 7/1/2020     | 9/30/2021  |                          | 63,354               | (128,381)        |                           |   | (65,027)                 |                      |
| 84.367A   | S367A200029             |                           | 24,428                        | 7/1/2020     | 9/30/2021  |                          | 21,608               | (24,428)         |                           |   | (2,820)                  |                      |
| 84.358B   | S424A200031             |                           | 18,015                        | 7/1/2020     | 9/30/2021  | (15,645)                 | 1,015                | (18,015)         |                           |   | (17,000)                 |                      |
| 84.027A   | H027A190100             |                           | 50,299                        | 7/1/2019     | 9/30/2020  |                          | 15,645               |                  |                           |   |                          |                      |
| 84.027A   | H027A200100             |                           | 43,887                        | 7/1/2020     | 9/30/2021  |                          | 27,737               | (43,470)         |                           |   | (15,733)                 |                      |
| 84.425D   | S425D200027             |                           | 91,736                        | 3/13/2020    | 9/30/2022  |                          | 78,178               | (84,826)         |                           |   | (6,648)                  |                      |
|   |                         |                           |                               |              |            | (78,194)                 | 484,148              | (580,938)        |                           |   | (174,984)                |                      |
| <b>U.S. Department of Treasury Passed-Through State Department of Education</b> |                         |                           |                               |              |            |                          |                      |                  |                           |   |                          |                      |
| COVID-19 Coronavirus Relief Fund  | 21.019                  | SLT0228                   | 40,452                        | 3/13/2020    | 12/31/2020 |                          | 40,452               | (40,452)         |                           |   |                          |                      |
| Total Special Revenue Fund  |                         |                           |                               |              |            | (156,388)                | 524,600              | (621,390)        |                           |   | (174,984)                |                      |
| Total Expenditures of Federal Awards  |                         |                           |                               |              |            | \$ (156,388)             | \$ 524,600           | \$ (621,390)     |                           |   | \$ (174,984)             | \$ -                 |

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY 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 | Repayment of Prior Years' Balance | Balance June 30, 2021 |                      | Due To Grantor | Memo                          |                |
|--|-------------------------------|-------------------------|--------------|------------|------------------------|------------------|-----------------------|----------------|---------------|------------------------|-------------|-----------------------------------|-----------------------|----------------------|----------------|-------------------------------|----------------|
|  |                               |                         | From         | To         | (Accounts Receivable)  | Unearned Revenue | (Accounts Receivable) |                |               |                        |             |                                   | Unearned Revenue      | Budgetary Receivable |                | Cumulative Total Expenditures |                |
| <b>State Department of Education</b>   |                               |                         |              |            |                        |                  |                       |                |               |                        |             |                                   |                       |                      |                |                               |                |
| General Fund:  |                               |                         |              |            |                        |                  |                       |                |               |                        |             |                                   |                       |                      |                |                               |                |
| Equalization Aid   | 21-495-034-5120-078           | \$ 2,390,135            | 07/01/20     | 06/30/21   |                        |                  |                       | \$ 2,151,122   | (2,390,135)   |                        |             |                                   |                       | \$ (239,013)         | \$ (2,390,135) |                               |                |
| Equalization Aid   | 20-495-034-5120-078           | 2,278,667               | 07/01/19     | 06/30/20   |                        |                  |                       | 227,867        |               |                        |             |                                   |                       |                      |                |                               |                |
| Special Education  | 21-495-034-5120-089           | 293,805                 | 07/01/20     | 06/30/21   |                        |                  |                       | 264,425        | (293,805)     |                        |             |                                   |                       | (29,380)             | (293,805)      |                               |                |
| Special Education  | 20-495-034-5120-089           | 293,805                 | 07/01/19     | 06/30/20   |                        |                  |                       | 29,381         |               |                        |             |                                   |                       |                      |                |                               |                |
| Security Aid   | 21-495-034-5120-084           | 118,657                 | 07/01/20     | 06/30/21   |                        |                  |                       | 106,791        | (118,657)     |                        |             |                                   |                       | (11,866)             | (118,657)      |                               |                |
| Security Aid   | 20-495-034-5120-084           | 118,657                 | 07/01/19     | 06/30/20   |                        |                  |                       | 11,866         |               |                        |             |                                   |                       |                      |                |                               |                |
| Adjustment Aid   | 20-495-034-5120-085           | 103,021                 | 07/01/20     | 06/30/21   |                        |                  |                       | 92,719         | (103,021)     |                        |             |                                   |                       | (10,302)             | (103,021)      |                               |                |
| Adjustment Aid   | 20-495-034-5120-085           | 103,021                 | 07/01/19     | 06/30/20   |                        |                  |                       | 10,301         |               |                        |             |                                   |                       |                      |                |                               |                |
| On-Behalf TPAF Pension   | 21-495-034-5094-002           | 1,028,303               | 07/01/20     | 06/30/21   |                        |                  |                       | 322,254        | (1,028,303)   |                        |             |                                   |                       |                      | (1,028,303)    |                               |                |
| On-Behalf TPAF Post Retirement Medical                                       | 21-495-034-5094-001           | 322,254                 | 07/01/20     | 06/30/21   |                        |                  |                       | 890            | (322,254)     |                        |             |                                   |                       |                      | (322,254)      |                               |                |
| On-Behalf TPAF Non-Contributory Insurance                                    | 21-495-034-5094-004           | 890                     | 07/01/20     | 06/30/21   |                        |                  |                       |                | (890)         |                        |             |                                   |                       |                      | (890)          |                               |                |
| Reimbursed TPAF Social Security  | 21-495-034-5094-003           | 273,379                 | 07/01/20     | 06/30/21   |                        |                  |                       | 259,940        | (273,379)     |                        |             |                                   |                       | (13,439)             | (273,379)      |                               |                |
| Reimbursed TPAF Social Security  | 20-495-034-5094-003           | 263,562                 | 07/01/19     | 06/30/20   |                        |                  |                       | 13,174         |               |                        |             |                                   |                       |                      |                |                               |                |
| Contributions  |                               |                         |              |            |                        |                  |                       | 4,519,033      | (4,530,444)   |                        |             |                                   |                       | (13,439)             | (4,530,444)    |                               |                |
| Total General Fund   |                               |                         |              |            |                        |                  |                       |                |               |                        |             |                                   |                       |                      |                |                               |                |
| <b>State Department of Education</b>   |                               |                         |              |            |                        |                  |                       |                |               |                        |             |                                   |                       |                      |                |                               |                |
| Special Revenue Fund:  |                               |                         |              |            |                        |                  |                       |                |               |                        |             |                                   |                       |                      |                |                               |                |
| Perkins (P.L. 101-391)   | N/A                           | 116,100                 | 07/01/20     | 06/30/21   |                        |                  |                       | 58,397         | (109,708)     |                        |             |                                   |                       | (51,311)             | (109,708)      |                               |                |
| Apprenticeship Coordinator   | 99000127                      | 15,900                  | 07/01/19     | 06/30/20   |                        |                  |                       | 15,025         |               |                        |             |                                   |                       |                      |                |                               |                |
| Pre-Apprenticeship in Career Education                                       | N/A                           | 50,000                  | 06/01/19     | 05/31/20   |                        |                  |                       | 9,000          |               |                        |             |                                   |                       |                      |                |                               |                |
| Total Special Revenue Fund   |                               |                         |              |            |                        |                  |                       | 82,422         | (109,708)     |                        |             |                                   |                       | (51,311)             | (109,708)      |                               |                |
| <b>New Jersey Schools Development Authority</b>                              |                               |                         |              |            |                        |                  |                       |                |               |                        |             |                                   |                       |                      |                |                               |                |
| Capital Projects Fund:   |                               |                         |              |            |                        |                  |                       |                |               |                        |             |                                   |                       |                      |                |                               |                |
| Capital Projects Fund  | Not available                 | 1,018,550               | 07/01/15     | completion |                        |                  |                       | \$ 69,717      |               |                        |             |                                   |                       | \$ 38,673            | \$ 31,044      |                               |                |
| Capital Projects Fund  |                               |                         |              |            |                        |                  |                       | 69,717         |               |                        |             |                                   |                       | 38,673               | 31,044         |                               |                |
| Total Capital Projects Fund  |                               |                         |              |            |                        |                  |                       |                |               |                        |             |                                   |                       |                      |                |                               |                |
| Total Expenditures of State Financial Assistance                             |                               |                         |              |            |                        |                  |                       | \$ 4,601,455   | (4,640,152)   |                        |             |                                   |                       | \$ (64,750)          | \$ 38,673      | \$ 31,044                     | \$ (4,640,152) |
| <b>State Financial Assistance Not Subject to Single Audit Determination:</b> |                               |                         |              |            |                        |                  |                       |                |               |                        |             |                                   |                       |                      |                |                               |                |
| On-Behalf TPAF Pension   | 21-495-034-5094-002           | 1,028,303               | 07/01/20     | 06/30/21   |                        |                  |                       | 1,028,303      | (1,028,303)   |                        |             |                                   |                       |                      | (1,028,303)    |                               |                |
| On-Behalf TPAF Post Retirement Medical                                       | 21-495-034-5094-001           | 322,254                 | 07/01/20     | 06/30/21   |                        |                  |                       | 322,254        | (322,254)     |                        |             |                                   |                       |                      | (322,254)      |                               |                |
| On-Behalf TPAF Non-Contributory Insurance                                    | 21-495-034-5094-004           | 890                     | 07/01/20     | 06/30/21   |                        |                  |                       | 890            | (890)         |                        |             |                                   |                       |                      | (890)          |                               |                |
| Total State Financial Assistance Subject to Single Audit Determination       |                               |                         |              |            |                        |                  |                       | \$ 3,250,008   | (3,288,705)   |                        |             |                                   |                       | \$ (64,750)          | \$ 38,673      | \$ 31,044                     | \$ (3,288,705) |
| Single Audit Determination   |                               |                         |              |            |                        |                  |                       |                |               |                        |             |                                   |                       |                      |                |                               |                |

Area Vocational-Technical Schools  
of Mercer County 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.

**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



Area Vocational-Technical Schools  
of Mercer County 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 (continued)**

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 award 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 with the exception of the revenue recognition of the two last state aid payments in the current year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent year due to the state deferral and recording of the last state aid payments in the subsequent year.

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

The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is \$34,993 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not on the GAAP basis.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$11,146 for the general fund and \$25,236 for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

|                      | Federal    | State        | Total        |
|----------------------|------------|--------------|--------------|
| General Fund         |            | \$ 4,519,298 | \$ 4,519,298 |
| Special Revenue Fund | \$ 598,012 | 107,850      | 705,862      |
| Total award revenues | \$ 598,012 | \$ 4,627,148 | \$ 5,225,160 |

Area Vocational-Technical Schools  
of Mercer County School District

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

Year ended June 30, 2021

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

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

**5. Other**

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 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 \$1,351,447. 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, as directed by the funding agency.

**6. Indirect Costs**

The District did not use the 10% de minimis indirect cost rate.

Area Vocational-Technical Schools  
of Mercer County 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)

\_\_\_\_\_ Yes  X  No

Significant deficiency(ies)

\_\_\_\_\_ Yes  X  None Reported

Is any noncompliance material to financial statements noted?

\_\_\_\_\_ Yes  X  No

**Federal Awards -- NOT APPLICABLE**

**State Financial Assistance**

Internal control over major state programs:

Material weakness(es)

\_\_\_\_\_ Yes  X  No

Significant deficiency(ies)

\_\_\_\_\_ 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 NJOMB Circular 15-08?

\_\_\_\_\_ Yes  X  No

Identification of major state programs:

| GMIS/Program Number                       | Name of State Program or Cluster   |
|---|--|
| 495-034-5120-078 <input type="checkbox"/> | <b>General State Aid Cluster:</b><br>Equalization Aid<br>Special Education Categorical Aid<br>Security Aid<br>Adjustment Aid |
| 495-034-5120-089                          |  |
| 495-034-5120-084                          |  |
| 495-034-5120-085                          |  |

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

\$750,000

Area Vocational-Technical Schools  
of Mercer County School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2021

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

No 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 New Jersey State OMB Circular Letter 15-08. Not applicable for federal awards.

Area Vocational-Technical Schools  
of Mercer County School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2021

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

**State Financial Assistance Programs**

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

Area Vocational-Technical Schools  
of Mercer County School District

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2021

No prior year findings were noted.