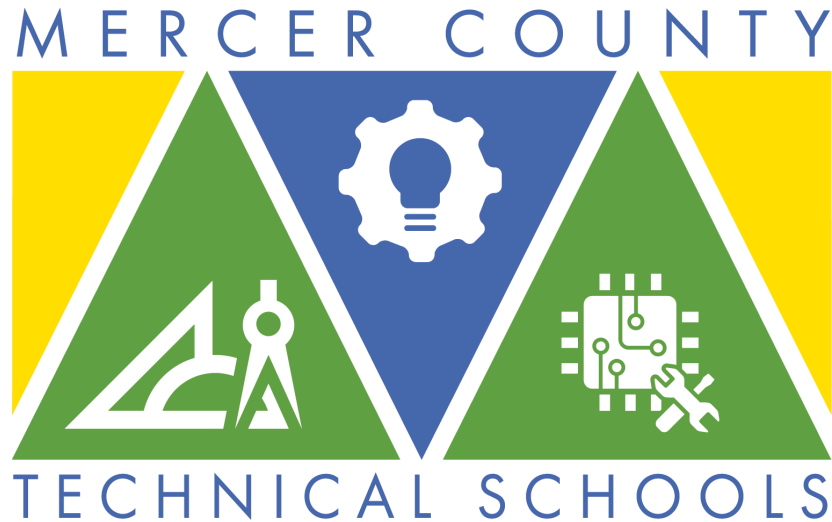


**AREA VOCATIONAL-TECHNICAL  
SCHOOLS OF MERCER COUNTY  
SCHOOL DISTRICT**



County of Mercer  
New Jersey

*Annual Comprehensive Financial Report  
For the Year Ended  
June 30, 2023*

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

**Hamilton, New Jersey**

Annual Comprehensive Financial Report  
Year Ended June 30, 2023

Prepared by

Business Office

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

**Table of Contents**

	<u>Page</u>
<b>INTRODUCTORY SECTION – Other Information</b>	
Letter of Transmittal	1
Organization Chart	6
Roster of Officials	7
Independent Auditors and Advisors	8
Certificate of Excellence in Financial Reporting	9
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	10
<b>Required Supplementary Information – Part I</b>	
Management's Discussion and Analysis	14
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
A-1 Statement of Net Position	23
A-2 Statement of Activities	24
Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	26
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Fund:	
B-4 Statement of Fund Net Position	28
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	29
B-6 Statement of Cash Flows	30
Notes to the Basic Financial Statements	31

## Table of Contents (continued)

	<u>Page</u>
<b>FINANCIAL SECTION (continued)</b>	
<b>Required Supplementary Information – Part II</b>	
<i>Schedules Related to Accounting and Reporting for Pensions (GASB 68)</i>	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – Public Employees' Retirement System (PERS)	68
L-2 Schedule of District Pension Contributions – Public Employees' Retirement System (PERS)	69
L-3 Schedule of the State's Proportionate Share of the Net Pension Liability Associated with the District – Teacher's Pension and Annuity Fund (TPAF)	70
<i>Schedule Related to Accounting and Reporting for OPEB (GASB 75)</i>	
M-1 Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District and Changes in the Total OPEB Liability and Related Ratios – Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF)	71
Notes to Required Supplementary Information	72
<b>Required Supplementary Information – Part III</b>	
Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund (Budgetary Basis)	73
C-2 Budgetary Comparison Schedule – Special Revenue Fund (Budgetary Basis)	77
<b>Note to Required Supplementary Information</b>	
C-3 Budget to GAAP Reconciliation	78
<b>Supplementary Information</b>	
Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – (Budgetary Basis)	79
E-2 Schedule of Preschool Education Aid Expenditures – Budgetary Basis – Not Applicable	N/A

## Table of Contents (continued)

	<u>Page</u>
<b>FINANCIAL SECTION (continued)</b>	
Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	80
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – (Budgetary Basis)	81
F-2a Schedule of Project Revenues, Expenditures, Project Balance	82
F-2b and Project Status – (Budgetary Basis)	83
Long-Term Debt:	
I-1 Schedule of Serial Bonds Payable – Not Applicable	N/A
I-2 Schedule of Financed Purchases Payable	84
I-3 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund – Not Applicable	N/A

**Table of Contents (continued)**

	<u>Page</u>
<b>STATISTICAL SECTION (Unaudited) – Other Information</b>	
Financial Trends:	
J-1 Net Position by Component	85
J-2 Changes in Net Position	86
J-3 Fund Balances – Governmental Funds	87
J-4 Changes in Fund Balances – Governmental Funds	88
J-5 General Fund – Other Local Revenue by Source	89
Revenue Capacity:	
J-6 Assessed Value and Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Tax Payers (Current and Nine Years Ago)	N/A
J-9 Property Tax Levies and Collections	N/A
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	90
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Ratios of Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	91
J-15 Principal Employers	N/A
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	92
J-17 Operating Statistics	93
J-18 School Building Information	94
J-19 Schedule of Required Maintenance	95
J-20 Insurance Schedule	96

**Table of Contents (continued)**

	<u>Page</u>
<b>SINGLE AUDIT SECTION</b>	
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	97
K-2 Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB 15-08	99
K-3 Schedule A – Schedule of Expenditures of Federal Awards – Supplementary Information	102
K-4 Schedule B – Schedule of Expenditures of State Financial Assistance – Supplementary Information	103
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	104
K-6 Schedule of Findings and Questioned Costs	107
K-7 Summary Schedule of Prior Year Audit Findings	N/A

## **Introductory Section**



# MERCER COUNTY



# TECHNICAL SCHOOLS

Matthew C. Carey

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

December 4, 2023

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, 2023 is hereby submitted. Responsibility for both the accuracy of the data and the 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, a 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 2022 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 the 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 2022-2023 fiscal year with an average daily enrollment of 925 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>
2022-2023	925
2021-2022	995
2020-2021	980
2019-2020	938
2018-2019	1,058

**2. ECONOMIC CONDITION AND OUTLOOK:**

The Area Vocational-Technical Schools of Mercer County comprise shared-time and full-time Academy Programs of Study. The District was formed in 1968 due to 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 serves all of the secondary public and non-public school districts in Mercer County.

The District is currently running three (3) full-time Academies: the Health Science Academy (HSA), Science, Technology, Engineering, and Mathematics (STEM) - Engineering Pathway Academy, and a Culinary Arts Academy. The Academies are housed in our two secondary schools. The Assunpink Center houses the full-time HSA Academy, and the Sypek Center operates both the full-time STEM Academy and the full-time Culinary Academy. Both campuses offer shared-time vocational-technical programs serving 11• and 12•-grade students and other out-of-school youth interested in 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•-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 that serves all of Mercer County. The alternative education program is designed to offer a 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 2022-2023 budget of \$21,802,760 approximately 33% of the budget is supported by county tax, 22% by state aid, 2% by federal/state special revenue aid, and 43% from tuition, fees, miscellaneous income, and through the addition of fund balance.

Mercer County is home to a wide range of industries including education, health, and social services. The top five industries, based on the number of employees, include Government; Professional, Scientific, and Technical Services; Healthcare and Social Assistance; Educational Services; and Retail Trade.

The County's unemployment rate was 3.2% in June 2023, which is slightly lower than the national average of 3.6%. The overall Mercer County labor force is expected to increase by 8.25% from 2019 to 2034. Future job growth for the county 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 leaders 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 labor market demands of the future through shared-time and full-time programs of study for students to earn industry-valued credentials while in high school and earn dual enrollment credits with our partner, Mercer County Community College.

The District's 2022-2023 enrollment decreased compared to the 2021-2022 school year. The District cannot accurately forecast future enrollment. 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 District buildings range in age from 49 to 112 years old. The District is committed to the continued maintenance and repair of the buildings. During the 2022-2023 school year, the District completed the renovation of the Sypek fitness center, replaced overhead doors on CTE shops at both the Assunpink and Sypek campuses, upgraded an HVAC unit at the Sypek campus, installed speed bumps, and repaired and restriped the parking lots at both campuses. A project for the replacement of emergency generators was begun at both campuses.

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

#### **Program Initiatives:**

The District aims to expand collaborative partnerships in higher education, business/industry, and government to develop student-centered programs with the potential of earning articulated college credit, obtaining relevant industry-valued credentials, and work-based learning opportunities to meet the future demands of the economy and workforce.

### 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 canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assigned fund balances on June 30, 2023.

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 details should be reviewed in the Management's Discussion and Analysis for the Fiscal Year ending June 30, 2023.

8. **DEBT ADMINISTRATION:**

On June 30, 2023, the District had no outstanding debt other than obligations under financed purchases.

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 PKF O'Connor Davies, 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 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.

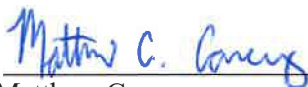
**Awards** - The District had applied to the Association of School Business Officials (ASBO) International for the "Certificate of Excellence in Financial Reporting" for its Annual Comprehensive Financial Report for the fiscal years ended June 30, 2014, through 2022, and was granted the award. In order 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 2022-2023 award.

12. **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:

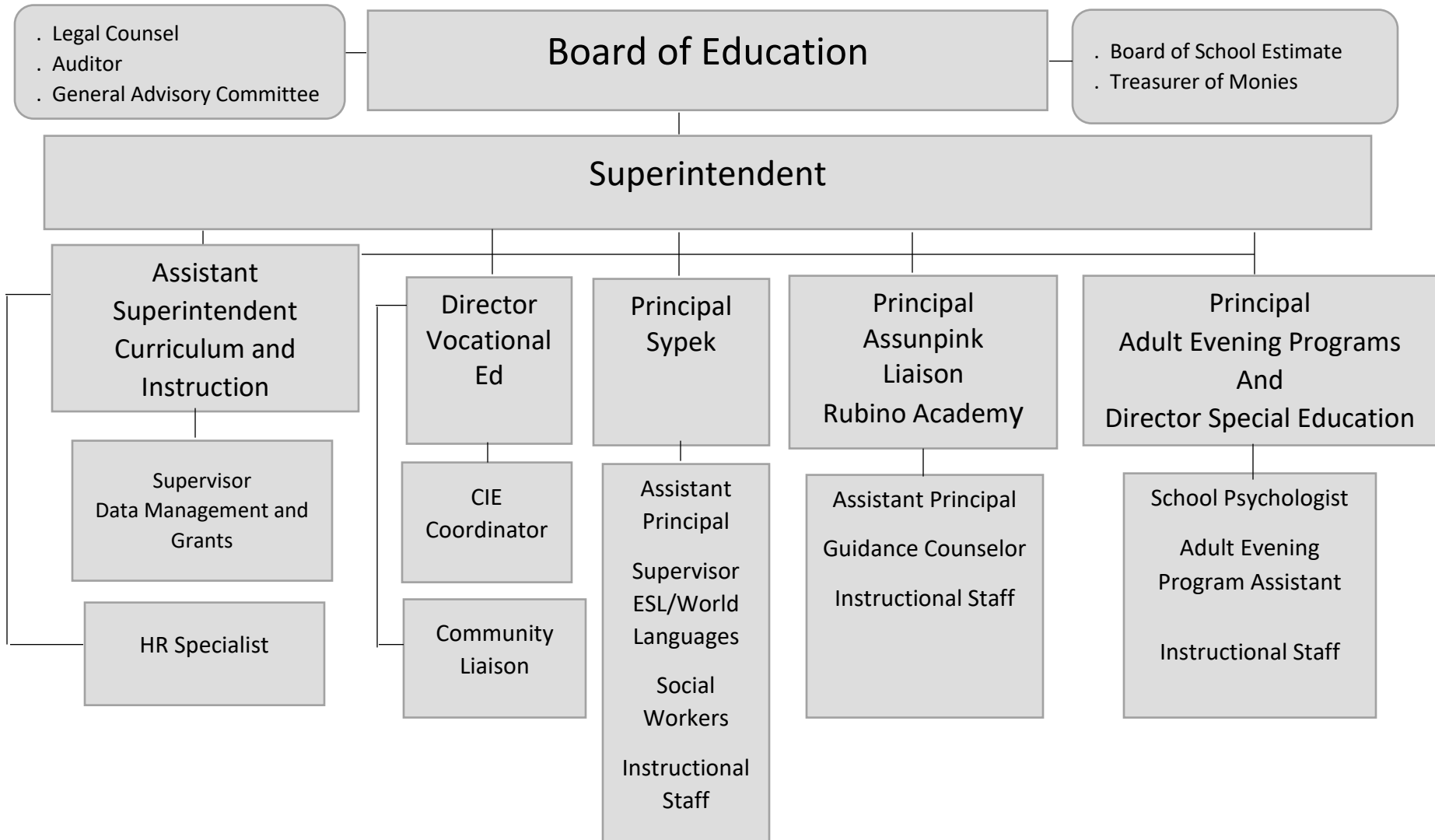


Matthew Carey  
Superintendent



Deborah Donnelly  
School Business Administrator/Board Secretary

# MCTS ORGANIZATION CHART CURRICULUM AND INSTRUCTION



MCTS Board approved:

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

Roster of Officials

June 30, 2023

**Members of the Board of Education**

**Term Expires**

Albert W. Pitman, President	2023
Michael Sabo, Vice President	2026
Tennille McCoy	2023
Barbara Panfili	2024
Johnnie Whittington	2024
Dr. Daryl Minus-Vincent, Executive County Superintendent of Schools (Ex-Officio)	

**Other Officials**

Dr. Matthew Carey, Superintendent  
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**

PKF O'Connor Davies, LLP  
20 Commerce Drive, Suite 301  
Cranford, NJ 07016

**Attorneys**

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

**Official Depositories**

New Jersey Cash Management  
PNC Bank  
Citizens 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**

**for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2022.**

The district report meets the criteria established for  
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in blue ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

**John W. Hutchison  
President**

A handwritten signature in blue ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

**Siobhán McMahon, CAE  
Chief Operations Officer/  
Interim 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  
Trenton, New Jersey**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 (*Government Auditing Standards*). Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

PKF O'CONNOR DAVIES, LLP  
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | [www.pkfod.com](http://www.pkfod.com)

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, long-term debt schedules, and the schedules of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2023. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other

information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023 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.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
December 4, 2023

*Scott A. Clelland*

Scott A. Clelland, CPA  
Licensed Public School Accountant, No. 1049

## **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, 2023

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, 2023. 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 2023 are as follows:

- ◆ In total, net position increased by \$3,675,326 from 2022.
- ◆ Total assets of governmental activities increased by \$1,833,047 due to an increase in cash and cash equivalents. Deferred outflow of resources increased \$489,296 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 increased by \$354,336 which was largely related to an increase in the net pension liability of \$1,183,856 at June 30, 2023. This was offset by decreases in non-current liabilities of \$798,484 due to principal payments on financed purchases made by the District and in current and other liabilities of \$190,595.
- ◆ General revenues accounted for \$13,233,091 of revenue or 62.5% of all revenues. Program specific revenues in the form of tuition, grants and other fees accounted for \$7,875,374 or 37.5% of total revenues of \$21,108,465.
- ◆ Total expenses for all programs was \$17,556,884, including expenses of \$1,838,740 for allocated depreciation.
- ◆ The General Fund had \$19,042,667 in revenues and \$16,407,510 in expenditures. There was also a transfer in of \$316,665 related to the return of funds from the close out of capital projects. The General Fund's fund balance increased \$2,951,822 from 2022.
- ◆ The activity in the Special Revenue Fund increased from the prior year, experiencing a decrease in revenue from state sources of \$34,225 and an increase from federal sources of \$614,295 due to grant 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 School District as a financial whole. 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.

## **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 2022-23?" 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 2022-23 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 \$390,165, while total fund balance was \$13,320,788. The fund balance increased \$2,951,822 during the current fiscal year primarily due to an increase in tuition and other revenue sources and State sources.

### **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 \$1,214,606 from federal sources and \$117,247 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's Capital Projects Fund had net revenue of \$149,302 and expenditures of \$152,580 on ongoing projects. The transfer out of \$316,665 represented amounts returned to General Fund from completed projects.

## **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.

## **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.

## **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 financed purchases payable, 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, 2023 and 2022:

	<b>Net Position</b>					
	<b>June 30, 2023 and 2022</b>					
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 13,499,218	\$ 11,079,891	\$ 39,996	\$ 13,499,218	\$ 11,119,887	
Capital assets, net	24,392,403	24,978,683		24,392,403	24,978,683	
Total assets	37,891,621	36,058,574	-	39,996	37,891,621	36,098,570
Deferred Outflow of Resources	1,128,141	638,845		1,128,141	638,845	
Current liabilities and other	1,462,951	1,617,762		39,996	1,462,951	1,657,758
Net pension liability	4,049,433	2,865,577			4,049,433	2,865,577
Long-term liabilities	3,157,118	3,955,572			3,157,118	3,955,572
Total liabilities	8,669,502	8,438,911	-	39,996	8,669,502	8,478,907
Deferred Inflows of Resources	1,396,211	2,979,785			1,396,211	2,979,785
Net position:						
Net investment in capital assets	20,772,403	20,556,943			20,772,403	20,556,943
Restricted	11,409,828	9,688,880			11,409,828	9,688,880
Unrestricted (deficit)	(3,228,182)	(4,967,100)			(3,228,182)	(4,967,100)
Total net position	\$ 28,954,049	\$ 25,278,723	\$ -	\$ -	\$ 28,954,049	\$ 25,278,723

Total governmental activities assets increased from the prior year by \$1,833,047 mainly attributable to the increase in cash and cash equivalents offset by depreciation expense exceeding capital asset additions in FY23 compared to the prior year.

Total governmental activities liabilities increased by \$230,591. The District's long-term liabilities and current and other liabilities decreased by \$798,454 and \$154,811, respectively. The decrease in long-term liabilities is due to the District making annual principal payments on its financed purchases. The net pension liability increased by \$1,183,856, deferred outflow of resources increased by \$489,296 and deferred inflows of resources decreased by \$1,583,574, 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, increased by \$1,738,918. The net position for Business-Type Activities is zero at June 30, 2023.

The following table provides a comparison of government-wide changes in net position for the 2023 and 2022 fiscal years:

**Changes in Net Position  
Years ended June 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 4,680,258	\$ 4,218,162	\$ 1,663,360	\$ 1,454,316	\$ 6,343,618	\$ 5,672,478
Operating grants and contributions	1,422,454	793,903			1,422,454	793,903
Capital grants and contributions	149,302				149,302	-
General revenues:						
County Appropriation/Taxes	7,176,157	7,176,157			7,176,157	7,176,157
State and Federal Sources	5,496,415	5,132,119			5,496,415	5,132,119
Miscellaneous	520,519	258,537			520,519	258,537
Total revenues	19,445,105	17,578,878	1,663,360	1,454,316	21,108,465	19,033,194
Expenses:						
Instructional services	6,780,566	6,847,113	1,663,360	1,454,316	8,443,926	8,301,429
Support services	8,125,722	7,393,640			8,125,722	7,393,640
Special schools	722,836	762,685			722,836	762,685
Interest on long term obligations	140,655	171,549			140,655	171,549
Total expenses	15,769,779	15,174,987	1,663,360	1,454,316	17,433,139	16,629,303
Change in net position	3,675,326	2,403,891			3,675,326	2,403,891
Net position – beginning	25,278,723	22,874,832			25,278,723	22,874,832
Net position – ending	\$ 28,954,049	\$ 25,278,723	\$ -	\$ -	\$ 28,954,049	\$ 25,278,723

Charges for services include tuition and fees for full-time academy, shared-time, and alternative school programs. The increase in tuition for Governmental Activities and Business-type Activities is mainly attributable to increased enrollment for respective programs.

County Appropriations/Taxes remained flat.

**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, 2023, and the amount and percentage of increases in relation to prior year revenues.

**Revenues**  
**Year Ended June 30, 2023**

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2022</u>	<u>Percent of Increase</u>
Local sources	\$ 12,514,109	61.0%	\$ 829,485	7.1%
State sources	6,775,800	33.0%	1,003,780	17.4%
Federal sources	1,218,440	6.0%	610,424	100.4%
<b>Total</b>	<b>\$ 20,508,349</b>	<b>100.0%</b>	<b>\$ 2,443,689</b>	<b>13.5%</b>

The increase in the local sources was mainly attributable to the increase in enrollment of non-residents, interest and miscellaneous sources. 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, 2023, and the amount and percentage of increases and decreases in relation to prior year expenditures:

**Expenditures**  
**Year Ended June 30, 2023**

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2022</u>	<u>Percent of Increase (Decrease)</u>
Current:				
Instruction	\$ 4,886,805	27.3%	\$ 118,779	2.5%
Support services	10,325,578	57.8%	996,943	10.7%
Capital outlay	1,103,562	6.2%	431,378	64.2%
Debt service – financed purchases	956,763	5.4%	(50,801)	-5.0%
Special schools	597,917	3.3%	(37,447)	-5.9%
<b>Total</b>	<b>\$ 17,870,625</b>	<b>100.0%</b>	<b>\$ 1,458,852</b>	<b>8.9%</b>

Instruction and support services had an increase from the prior year due to the increase in expenditures related to the pandemic. The increase in capital outlay is mainly attributed to purchases of equipment during the 2023 fiscal year.

### Capital Assets

At the end of fiscal years 2023 and 2022, the District had \$24,392,403 and \$24,978,663, 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 2023 and 2022 fiscal years.

#### Capital Assets (Net of Depreciation)

	<u>2023</u>	<u>2022</u>
Construction in Progress	\$ 42,000	\$ 18,000
Buildings and Building Improvements	22,265,661	23,081,359
Machinery and Equipment	<u>2,084,742</u>	<u>1,879,324</u>
Total	<u>\$ 24,392,403</u>	<u>\$ 24,978,683</u>

During the current fiscal year, \$1,302,875 of capital assets were capitalized as additions. Increases in capital assets were offset by depreciation expense for the year and \$50,415 of retirements. 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 \$444,658 and \$382,995 liabilities at June 30, 2023 and 2022, respectively, \$67,540 and \$47,423 are due within one year, respectively.

In July 2011, the District entered into a long-term financed purchase 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 \$3,620,000 liability at June 30, 2023, \$840,000 is due within one year.

The District also maintains a liability for the net pension liability which is recorded in the government-wide financial statements. This liability is attributable to 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*. At June 30, 2023 and 2022, the District had a liability of \$4,049,433 and \$2,865,577, respectively.

The following table presents the balances of long-term liabilities as of June 30, 2023 and 2022 for governmental activities:

### Governmental Activities

	2023	2022
Compensated Absences Payable	\$ 444,658	\$ 382,995
ESIP Lease	3,620,000	4,410,000
Net Pension Liability	4,049,433	2,865,577
Financed Purchases Payable		11,740
Total	\$ 8,114,091	\$ 7,670,312

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 ACFR, entitled Budgetary Comparison Schedule. Both the revenues and expenditures were adjusted for \$2,044,174 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 FY23.

### Economic Factors and Next Year’s Budget

For the 2023-23 school year, the Area Vocational-Technical Schools of Mercer County School District was able to sustain its general operating budget through the County Tax Levy, State Education Aid and Local Revenue Sources. Approximately 30% of the District’s general fund revenue was from State Aid (Restricted and Not Restricted), while 38% 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 2023-24 budget was adopted in April 2023 by the County Commissioners. The District anticipates an increase in enrollment for the 2023-24 fiscal year but, due to the elective nature of its programs, the District cannot accurately forecast future enrollment.

### 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 Mr. Matthew Carey, 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, 2023.

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2023

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 9,278,917		\$ 9,278,917
Accounts Receivable	3,635,663	\$ 584,638	4,220,301
Internal Balances	584,638	(584,638)	-
Capital Assets, Non-Depreciable	42,000		42,000
Capital Assets, Depreciable, Net	24,350,403		24,350,403
Total Assets	<u>37,891,621</u>	<u>-</u>	<u>37,891,621</u>
<b>Deferred Outflow of Resources</b>			
Pension Deferrals	1,128,141		1,128,141
Total Deferred Outflow of Resources	<u>1,128,141</u>		<u>1,128,141</u>
<b>Liabilities</b>			
Accounts Payable	419,622		419,622
Accrued Interest Payable	63,878		63,878
Unearned Revenue	71,911		71,911
Noncurrent Liabilities:			
Due Within One Year	907,540		907,540
Due Beyond One Year	3,157,118		3,157,118
Net Pension Liability	4,049,433		4,049,433
Total Liabilities	<u>8,669,502</u>		<u>8,669,502</u>
<b>Deferred Inflow of Resources</b>			
Pension Deferrals	1,396,211		1,396,211
<b>Net Position</b>			
Net Investment in Capital Assets	20,772,403		20,772,403
Restricted For:			
Excess Surplus - Current Year	1,068,335		1,068,335
Excess Surplus - Prior Year	1,236,243		1,236,243
Capital Reserve	8,633,902		8,633,902
Maintenance Reserve	300,000		300,000
Unemployment Compensation	129,778		129,778
Scholarships	10,033		10,033
Student Activities	31,537		31,537
Unrestricted (Deficit)	(3,228,182)		(3,228,182)
Total Net Position	<u>\$ 28,954,049</u>	<u>\$ -</u>	<u>\$ 28,954,049</u>

*See accompanying notes to the basic financial statements.*

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 5,099,416	\$ 3,775,627	\$ 580,977		\$ (742,812)		\$ (742,812)
Special Education	1,681,150	467,529	66,460		(1,147,161)		(1,147,161)
Support Services:							
Student and Instruction Related Services	2,401,064	43,228	775,017		(1,582,819)		(1,582,819)
General Administrative Services	564,879				(564,879)		(564,879)
School Administrative Services	1,026,299				(1,026,299)		(1,026,299)
Central Administrative Services	860,409				(860,409)		(860,409)
Administrative Information Technology	908,580				(908,580)		(908,580)
Plant Operations and Maintenance	2,257,877			\$ 149,303	(2,108,574)		(2,108,574)
Pupil Transportation	106,614				(106,614)		(106,614)
Interest on Long-Term Obligations	140,655				(140,655)		(140,655)
Special Schools	722,836	353,874			(368,962)		(368,962)
Total Governmental Activities	<u>15,769,779</u>	<u>4,640,258</u>	<u>1,422,454</u>	<u>149,303</u>	<u>(9,557,764)</u>		<u>(9,557,764)</u>
<b>Business-type Activities:</b>							
Rubino Academy	<u>1,663,360</u>	<u>1,663,360</u>			-		-
Total Business-type Activities	<u>1,663,360</u>	<u>1,663,360</u>			-		-
Total Primary Government	<u>\$ 17,433,139</u>	<u>\$ 6,303,618</u>	<u>\$ 1,422,454</u>	<u>\$ 149,303</u>	<u>(9,557,764)</u>		<u>(9,557,764)</u>
General Revenues:							
County Appropriation/Taxes					7,176,157		7,176,157
State and Federal Sources					5,449,841		5,449,841
Interest Earnings					213,549		213,549
Miscellaneous					393,544		393,544
Total General Revenues					<u>13,233,091</u>	-	<u>13,233,091</u>
Changes in Net Position					3,675,327	-	3,675,327
Net Position - Beginning					<u>25,278,723</u>	-	<u>25,278,723</u>
Net Position - Ending					<u>\$ 28,954,050</u>	<u>\$ -</u>	<u>\$ 28,954,050</u>

See accompanying notes to the basic financial statements.

## **Fund Financial Statements**

## **Governmental Funds**

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

BALANCE SHEET

June 30, 2023

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 9,073,261	\$ 41,570	\$ 164,086	\$ 9,278,917
Interfund Receivable	1,658,925			1,658,925
Accounts Receivable:				
State	33,375			33,375
Federal		821,328		821,328
County			152,580	152,580
Other	2,626,148	2,232		2,628,380
<b>Total Assets</b>	<b>\$ 13,391,709</b>	<b>\$ 865,130</b>	<b>\$ 316,666</b>	<b>\$ 14,573,505</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable	\$ 22,479	\$ 39,484		\$ 61,963
Interfund Payable		757,621	\$ 316,666	1,074,287
Payroll Deductions and Withholdings Payable	2,453			2,453
Unemployment Compensation Claims Payable	21			21
Unearned Revenue	45,968	25,943		71,911
Due to Grantor		512		512
<b>Total Liabilities</b>	<b>70,921</b>	<b>823,560</b>	<b>316,666</b>	<b>1,211,147</b>
Fund Balances:				
Restricted for:				
Excess Surplus - current year	1,068,335			1,068,335
Prior Year Excess Surplus - Designated for Subsequent Year's Expenditures	1,236,243			1,236,243
Capital Reserve	8,633,902			8,633,902
Maintenance Reserve	300,000			300,000
Unemployment Compensation Reserve	129,778			129,778
Scholarship		10,033		10,033
Student Activities		31,537		31,537
Assigned to:				
Other Purposes	1,562,365			1,562,365
Unassigned	390,165			390,165
<b>Total Fund Balances</b>	<b>13,320,788</b>	<b>41,570</b>	<b>-</b>	<b>13,362,358</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 13,391,709</b>	<b>\$ 865,130</b>	<b>\$ 316,666</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$56,873,190 and the accumulated depreciation is \$32,480,787 (See Note 4).	24,392,403
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	(268,070)
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.	(63,878)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	(4,049,433)
Accrued pension contributions for the June 30, 2023 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.	(354,673)
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).	(4,064,658)
<b>Net Position of Governmental Activities</b>	<b>\$ 28,954,049</b>

See accompanying notes to the basic financial statements.

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year ended June 30, 2023

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
<b>Revenues:</b>				
<b>Local Sources:</b>				
County Appropriation/Tax Levy	\$ 7,176,157			\$ 7,176,157
Tuition from Individuals	53,955			53,955
Tuition From Other LEA's	3,590,449			3,590,449
Non-Resident Fees	598,752			598,752
Interest	213,549			213,549
Miscellaneous	747,418	\$ 133,829	\$ 360,413	1,241,660
<b>Total - Local Sources</b>	<b>12,380,280</b>	<b>133,829</b>	<b>360,413</b>	<b>12,874,522</b>
State Sources	6,658,553	117,247	(211,110)	6,564,690
Federal Sources	3,834	1,214,606		1,218,440
<b>Total Revenues</b>	<b>19,042,667</b>	<b>1,465,682</b>	<b>149,303</b>	<b>20,657,652</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Regular Vocational - Instruction	3,131,329	580,977		3,712,306
Special Vocational - Instruction	1,108,040	66,460		1,174,500
<b>Support Services:</b>				
Student and Instruction Related Services	1,435,475	259,462		1,694,937
General Administration	414,814			414,814
School Administration	697,010			697,010
Central Services	603,513			603,513
Administrative Information Technology	714,056			714,056
Plant Operations and Maintenance	1,741,149			1,741,149
Pupil Transportation	80,650			80,650
Unallocated Benefits	2,335,274			2,335,274
On-behalf TPAF FICA and Pension	2,044,174			2,044,174
Special Schools	597,917			597,917
Capital Outlay	547,346	556,216	152,580	1,256,142
<b>Debt Service:</b>				
Principal	801,740			801,740
Interest	155,023			155,023
<b>Total Expenditures</b>	<b>16,407,510</b>	<b>1,463,115</b>	<b>152,580</b>	<b>18,023,205</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	316,666			316,666
Transfers out			(316,666)	(316,666)
<b>Total Other Financing Sources (Uses)</b>	<b>316,666</b>	<b>-</b>	<b>(316,666)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>2,951,823</b>	<b>2,567</b>	<b>(319,943)</b>	<b>2,634,447</b>
Fund Balance, July 1	10,368,966	39,003	319,943	10,727,912
Fund Balance, June 30	\$ 13,320,789	\$ 41,570	\$ -	\$ 13,362,359

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).

*See accompanying notes to the basic financial statements.*



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, 2023

Total Net Change in Fund Balances - Governmental Funds (B-2)	\$	2,634,447
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>		
<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	\$ (1,838,740)	
Capital Asset Additions	1,302,875	
Loss on disposal of capital assets	<u>(50,415)</u>	(586,280)
<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>		
		14,368
<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>		
		872,715
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		(61,663)
<p>Repayment of financed purchases payable 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>801,740</u>
Change in Net Position of Governmental Activities (A-2)	\$	<u><u>3,675,327</u></u>

*See accompanying notes to the basic financial statements.*

## **Proprietary Fund**

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

STATEMENT OF NET POSITION

June 30, 2023

	Major Enterprise Fund Rubino Academy
Assets	
Current Assets:	
Accounts Receivable - Other	\$ 584,638
Total Assets	584,638
Liabilities	
Current Liabilities:	
Interfund Payable	584,638
Total Liabilities	584,638
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, 2023

	Major Enterprise Fund Rubino Academy
Operating Revenues:	
Tuition	\$ 1,585,600
Interim non refundable revenue	77,760
Total Operating Revenues	1,663,360
Operating Expenses:	
Purchased Professional - Educational Services	1,303,360
Other Purchased Services	360,000
Total Operating Expenses	1,663,360
Operating Income and Change in 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, 2023

	Major Enterprise Fund Rubino Academy
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 1,307,892
Payments to suppliers	<u>(1,703,356)</u>
Net cash used for operating activities	<u>(395,464)</u>
<b>Cash flows from non-capital financing activity:</b>	
Advances to other funds	<u>395,464</u>
Net cash provided by non-capital financing activity	<u>395,464</u>
Net change in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	<u>\$ -</u>
<b>Reconciliation of operating income to net cash used for operating activities</b>	
Operating income	\$ -
Adjustments to reconcile operating income to net cash used for operating activities:	
Increase in accounts receivable	(355,468)
Decrease in accounts payable	<u>(39,996)</u>
Net cash used for operating activities	<u>\$ (395,464)</u>

*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, 2023

### **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 County Commissioners, 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, 2023

**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 of the current period.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

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

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 financed purchases 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 financed purchases.

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, 2023

**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 expenditures.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

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

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.

Except for student activity and scholarship funds, 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, 2023 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, 2023

**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 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, 2023

**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, 2023, a liability existed for compensated absences in the government-wide financial statements in the amount of \$444,658.

**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 Schools 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, 2023.

**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 assets 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 assets 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, 2023

**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 financed purchase related to the Energy Savings Improvement Plan (ESIP). The financed purchase agreement requires 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, 2023

**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 \$13,320,788 of fund balance in the General Fund, \$1,562,365 are encumbrances assigned to other purposes, \$8,633,902 has been restricted in the capital reserve account, \$300,000 has been restricted in the maintenance reserve, \$1,068,335 has been restricted for excess surplus – current year, \$1,236,243 has been restricted for excess surplus - prior year, \$129,778 has been restricted for the unemployment compensation reserve, and \$390,165 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 \$1,236,243, which was generated during the 2022 fiscal year is being utilized in the 2023-24 budget. The current year excess surplus at June 30, 2023 was \$1,068,335, which will be utilized in the 2024-25 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 by creditors, grantors, or laws or regulations of other governments.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

**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 decreased by \$886,295 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**

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 reviewed the requirements of GASB Statement No. 96 and deemed the impact immaterial to the financial statements.

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has reviewed the requirements of GASB Statement No. 99 and deemed the impact immaterial to the financial statements.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

**R. GASB Pronouncements (continued)**

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. 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, 2023 and December 4, 2023, 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.

**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 financed purchases are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$4,064,658 difference are as follows:

Compensated absences	\$ 444,658
Financed purchases	3,620,000
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 4,064,658</u>



Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

### 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.

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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

**Deposits (continued)**

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, 2023, the District's carrying amount of deposits was \$1,151,309 and the bank balance was \$2,272,119. Of the bank balance, \$258,809 of the District's cash deposits on June 30, 2023 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$1,853,640. \$159,670 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.

**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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

**New Jersey Cash Management Fund**

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund (NJCMF) as 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, 2023, the District's balance was \$8,127,608 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.

*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, 2023, 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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**4. Capital Assets**

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2023:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Disposals/ Transfers</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Construction in progress	\$ 18,000	\$ 565,175	\$ (541,175)	\$ 42,000
Total capital assets, not being depreciated	18,000	565,175	(541,175)	42,000
Capital assets, being depreciated				
Buildings and building improvements	50,352,233	132,100	523,175	51,007,508
Machinery and equipment	5,362,252	605,600	(144,170)	5,823,682
Total capital assets being depreciated	55,714,485	737,700	379,005	56,831,190
Less accumulated depreciation for:				
Buildings and building improvements	(27,270,874)	(1,470,973)		(28,741,847)
Machinery and equipment	(3,482,928)	(367,767)	111,755	(3,738,940)
Total accumulated depreciation	(30,753,802)	(1,838,740)	111,755	(32,480,787)
Total capital assets being depreciated, net	24,960,683	(1,101,040)	490,760	24,350,403
Governmental activities capital assets, net	<u>\$24,978,683</u>	<u>\$ (535,865)</u>	<u>\$ (50,415)</u>	<u>\$ 24,392,403</u>

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

Regular Instruction	\$ 630,111
Special Education Instruction	199,355
Student and Instruction Related Services	287,692
General Administrative Services	70,409
School Administrative Services	118,308
Central Services	102,438
Administrative Information Technology	121,201
Plant Operations and Maintenance	295,536
Pupil Transportation	13,690
	<u>\$ 1,838,740</u>

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

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**5. Long-Term Liabilities**

During the year ended June 30, 2023, the following changes occurred in governmental activities long-term liabilities:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
Governmental Activities:					
Compensated Absences Payable	\$ 382,995	\$ 142,944	\$ 81,281	\$ 444,658	\$ 67,540
Financed Purchases Payable	4,421,740		801,740	3,620,000	840,000
Subtotal	4,804,735	142,944	883,021	4,064,658	907,540
Net Pension Liability	2,865,577	1,183,856		4,049,433	
Governmental Activities:					
Total long-term liabilities	\$ 7,670,312	\$ 1,326,800	\$ 883,021	\$ 8,114,091	\$ 907,540

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

As of June 30, 2023, the District had no bonds payable or authorized but not issued bonds or notes.

**Financed Purchase - Energy Savings Improvement Plan**

The District maintains a financed purchase 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 payments to PNC Equipment Finance, LLC.

Principal and interest due on the financed purchase outstanding are as follows:

Fiscal Year Ending:	<b>Amount</b>
2024	\$ 963,200
2025	970,090
2026	980,344
2027	993,769
Total minimum lease payments	3,907,403
Less: amount representing interest	(287,403)
Present value of net minimum lease payments	\$ 3,620,000

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

## **6. Pension Plans**

### **Description of Systems**

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

### **Teachers' Pension and Annuity Fund**

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55<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

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60<sup>th</sup> of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

**Funding Policy**

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. 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, 2023, the State of New Jersey contributed \$1,706,775 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 \$337,399 during the year ended June 30, 2023 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, 2023, 2022, and 2021 were \$354,673, \$338,374, and \$283,284, 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 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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

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

Public Employees' Retirement System (PERS)

At June 30, 2023, the District reported a liability of \$4,049,433 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.0268327609 percent, which was an increase of 0.0026435307 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized full accrual pension benefit of (\$534,341) in the government-wide financial statements. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 12,546	\$ 606,360
Difference between expected and actual experience	29,227	25,774
Net difference between projected and actual earnings on pension plan investments	167,602	
Changes in proportion and differences between District contributions and proportionate share of contributions	564,093	764,077
District contributions subsequent to the measurement date	354,673	
	\$ 1,128,141	\$ 1,396,211

\$354,673 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:



Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

Year ended June 30:		
2024	\$	(494,517)
2025		(214,603)
2026		(142,902)
2027		226,828
2028		2,451
	<u>\$</u>	<u>(622,743)</u>

*Actuarial Assumptions*

The total collective pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. 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

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

*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, 2022) 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

*Discount rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 5,202,335	\$ 4,049,433	\$ 3,068,267

*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, 2022 are as follows:

Deferred outflows of resources	\$ 1,660,772,008
Deferred inflows of resources	\$ 3,236,303,935
Net pension liability	\$ 15,219,184,920
District's Proportion	0.0268327609%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2022 is \$1,032,778,934.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**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, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 is 5.04, 5.13, 5.16, 5.21, 5.63, 5.48, and 5.57 years, respectively.

*Special Funding Situation*

A special funding situation exists for certain Local employers of the PERS. The State of New Jersey, a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2011 and Chapter 122, P.L. 2001. The June 30, 2022 State special funding situation net pension liability amount of \$127.8 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2011 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there was no net pension liability associated with this special funding situation there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$50.2 million, for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The District's expense related to the special funding situation is \$8,520.

*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, 2022 was \$17,273,783. The District's proportionate share was \$0.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022, the State's proportionate share of the TPAF net pension liability associated with the District was 0.0334799469 percent, which was a decrease of 0.0012343815 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$464,886 for contributions incurred by the State.

*Actuarial assumptions*

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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:	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-2021.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

*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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**6. Pension Plans (continued)**

employers will be made based on 100% 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 all projected future benefit payments of current plan member. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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, 2022 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 20,253,878	\$ 17,273,783	\$ 14,763,428

*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, 2022 are as follows:

Deferred outflows of resources	\$ 4,996,491,160
Deferred inflows of resources	\$ 19,532,696,776
Net pension liability	\$ 51,594,415,806
District's Proportion	0.0334799469%

Collective pension expense of the Local Group for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**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, 2022, 2021, 2019, 2018, 2017, 2016, and 2015 is 7.83, 7.93, 8.04, 8.29, 8.30, 8.30, and 8.30 years, respectively.

**7. Post-Retirement Benefits**

*General Information about the OPEB Plan*

**State Health Benefit State Retired Employees Plan:**

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepting actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability.

The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In the Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds the 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 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs.



Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

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 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

*Total OPEB Liability*

The Nonemployer OPEB liability from the State of New Jersey's plan is \$50,646,462,966.

*Changes in the Total Non-employer OPEB Liability*

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2022:

	<u>Total OPEB Liability</u>
Beginning Total OPEB Liability, June 30, 2021	\$ 23,703,822
Changes for the year:	
Service cost	914,476
Interest	541,305
Differences between expected and actual experiences	1,264,526
Changes in assumptions or other inputs	(5,479,393)
Member contributions	17,201
Benefit payments	(536,179)
Net changes	(3,278,064)
Ending Total OPEB Liability, June 30, 2022	\$ 20,425,758

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

*Employees covered by benefit terms*

Local Education Group	June 30, 2022
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	364,817

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 GASB No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State's proportionate net share of the total OPEB liability associated with the District as of June 30, 2022 was \$20,425,758. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

*Actuarial assumptions and other inputs*

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:	2.75- 4.25%	2.75 - 6.55%
	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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the actual experience studies for the periods July 1, 2018 to June 30, 2021.

*Discount Rate*

The discount rate for June 30, 2022 was 3.54%. 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 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-64 medical benefits PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

*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, 2022 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 (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	At 1% decrease (2.54%)	At Current discount rate (3.54%)	At 1% increase (4.54%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 24,008,330	\$ 20,425,758	\$ 17,554,506

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% decrease	At Healthcare Cost Trend Rate	At 1% increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 16,883,137	\$ 20,425,758	\$ 25,079,205

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

For the year ended June 30, 2022, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$61,556 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$	20,104,625,333
Deferred inflows of resources	\$	34,996,842,046
Collective OPEB Expense	\$	1,595,653,562
District's Proportion		0.04%

*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.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**8. Risk Management (continued)**

**Property and Liability Insurance**

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

Fiscal Year	Employee Contributions	Interest on Investments	Amount Paid	Ending Balance
2022-2023	\$ 20,078	\$ 791	\$ 11,693	\$ 129,778
2021-2022	6,901	14	16,349	120,602
2020-2021	12,421	35	8,284	130,036

**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

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**8. Risk Management (continued)**

Crisis Protection  
Disaster Management

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, 2023:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 1,658,925	
Special Revenue Fund		\$ 757,621
Capital Projects Fund		316,666
Rubino Academy Enterprise Fund		584,638
	\$ 1,658,925	\$ 1,658,925

The interfund receivable of \$1,658,925 in the General Fund is offset with an interfund payable in the Special Revenue Fund for \$757,621, \$316,666 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 \$584,638 which represent funds advanced to these funds to cover temporary pooled cash shortages.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**10. Interfund Receivables and Payables (continued)**

All interfunds are expected to be repaid within one year.

**11. Economic Dependency**

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

**12. Contingent Liabilities**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 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, 2023 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, Coronavirus Relief Fund (CRF), American Rescue Plan Elementary and Secondary School Emergency Relief Funds (ARP ESSER), and American Rescue Plan IDEA Funds (ARP IDEA). To the extent that the District has not complied with the rules and regulations governing these 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,

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

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

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 both. Pursuant to N.J.A.C. 6A:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance July 1, 2022	\$ 5,721,717
Decreased by:	
Capital Outlay – Budgeted Withdrawal	(2,385,000)
Deposits:	
Unspent capital outlay funds not utilized in 2022-23	769,327
Interest Earnings	163,192
Unspent capital projects funds on completed projects	316,666
Approved in June 2023 Board Resolution	<u>4,048,000</u>
Ending balance, June 30, 2023	<u>\$ 8,633,902</u>

At June 30, 2023, 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, 2023 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$1,562,365.

During the 2023 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 and American Rescue Plan (ARPA) will reimburse the State of New Jersey, a portion of all claims incurred. Since the District has not received a bill related to fiscal year 2023, and the amounts due are not known, no provision has been made in the District's financial statements for any liability related to the 2023 fiscal year.



Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**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 290 Solar Renewable Energy Credits on February 8, 2023, 79 on April 19, 2023, and 271 on September 19, 2023. The District realized revenue in both the Government-Wide and Fund financial statements of \$138,731.

**16. Transfers**

The following presents a reconciliation of transfers during the 2023 fiscal year:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 316,666	
Capital Projects Fund		\$ 316,666
	<u>\$ 316,666</u>	<u>\$ 316,666</u>

The District transferred \$316,666 from the capital projects fund to the general fund. The transfer was required to return unspent capital reserve funds on completed capital projects to the original source.

**17. Maintenance Reserve Account**

A maintenance reserve account was established by the District by way of a Board approved resolution in June 2023 for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Comprehensive Management Plan (CMP).

Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amount, or both.

The District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the district's school facilities for the current year.

Area Vocational-Technical Schools  
of Mercer County School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2023

**17. Maintenance Reserve Account (continued)**

The activity of the maintenance reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance July 1, 2022	\$ -
Deposits:	
Approved in June 2023 Board Resolution	300,000
Ending balance, June 30, 2023	<u>\$ 300,000</u>

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2023. The District did not budget any of the June 30, 2023 maintenance reserve balance in its 2023-24 fiscal year budget.

## **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 Employees' Retirement System  
Required Supplementary Information

Last Ten Fiscal Years

	Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset) - Local Group	0.0268327609%	0.0241892302%	0.0283881461%	0.0267244317%	0.0306275300%	0.0304596363%	0.0342277002%	0.0311686736%	0.0325376872%	n/a
District's proportionate share of the net pension liability (asset)	\$ 4,049,433	\$ 2,865,577	\$ 4,629,364	\$ 4,815,337	\$ 6,030,409	\$ 7,090,516	\$ 10,137,263	\$ 6,996,743	\$ 6,091,945	\$ 5,775,933
District's covered payroll	\$ 1,969,794	\$ 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
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	205.58%	164.28%	265.17%	260.49%	294.56%	337.79%	468.54%	308.68%	278.08%	265.03%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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 Employees' Retirement System  
Required Supplementary Information

Last Ten Fiscal Years

	Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 354,673	\$ 338,374	\$ 283,284	\$ 310,553	\$ 259,951	\$ 304,645	\$ 288,631	\$ 304,074	\$ 267,967	\$ 268,236
Contributions in relation to the contractually required contribution	(354,673)	(338,374)	(283,284)	(310,553)	(259,951)	(304,645)	(288,631)	(304,074)	(267,967)	(268,236)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,265,551	\$ 1,969,794	\$ 1,744,343	\$ 1,745,828	\$ 1,848,537	\$ 2,047,264	\$ 2,099,084	\$ 2,163,582	\$ 2,266,652	\$ 2,190,683
Contributions as a percentage of covered-employee payroll	15.66%	17.18%	16.24%	17.79%	14.06%	14.88%	13.75%	14.05%	11.82%	12.24%

*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,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.0334799469%	0.0347143284%	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	\$ 17,273,783	\$ 16,688,979	\$ 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>\$ 17,273,783</u>	<u>\$ 16,688,979</u>	<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	32.29%	35.52%	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,					
	2023	2022	2021	2020	2019	2018
State's proportion of the net OPEB Liability (asset) associated with the District	0.04%	0.04%	0.04%	0.05%	0.05%	0.05%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 20,425,758	\$ 23,703,822	\$ 28,208,060	\$ 18,670,142	\$ 21,403,354	\$ 24,718,547
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 20,425,758</u>	<u>\$ 23,703,822</u>	<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 percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 914,476	\$ 1,188,081	\$ 752,787	\$ 690,884	\$ 781,475	\$ 929,757
Interest cost	541,305	614,902	671,541	844,388	903,097	778,662
Changes of benefit terms		(25,230)				
Differences between expected and actual experience	1,264,526	(5,836,726)	3,437,141	(3,990,728)	(1,991,085)	
Changes of assumptions	(5,479,393)	23,386	5,152,643	278,373	(2,456,142)	(3,103,939)
Member contributions	17,201	15,720	14,885	16,989	19,780	21,082
Gross benefit payments	(536,179)	(484,371)	(491,079)	(573,118)	(572,318)	(572,534)
Net change in total OPEB liability	<u>(3,278,064)</u>	<u>(4,504,238)</u>	<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>23,703,822</u>	<u>28,208,060</u>	<u>18,670,142</u>	<u>21,403,354</u>	<u>24,718,547</u>	<u>-</u>
Total OPEB liability - ending	<u>\$ 20,425,758</u>	<u>\$ 23,703,822</u>	<u>\$ 28,208,060</u>	<u>\$ 18,670,142</u>	<u>\$ 21,403,354</u>	<u>\$ 24,718,547</u>
Covered-employee payroll	<u>\$ 5,568,976</u>	<u>\$ 5,418,108</u>	<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	366.78%	437.49%	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, 2023

**1. PUBLIC EMPLOYEES' RETIREMENT SYSTEM – PENSION**

*Benefit Changes*

There were none.

*Changes of Assumptions*

There were none.

**2. TEACHERS PENSION AND ANNUITY FUND - PENSION**

*Benefit Changes*

There were none.

*Changes of Assumptions*

There were none.

**3. OTHER POST-RETIREMENT BENEFIT PLAN-PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND TEACHERS' PENSION AND ANNUITY FUND**

*Benefit Changes*

There were none.

*Changes of Assumptions*

The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.



**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, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
County Tax Levy	\$ 7,176,157		\$ 7,176,157	\$ 7,176,157	
Tuition from other LEAs	4,158,900		4,158,900	3,590,449	\$ (568,451)
Tuition from other sources	22,500		22,500	53,955	31,455
Non-Resident Fees	168,300		168,300	598,752	430,452
Textbook Sales and Rentals				1,370	1,370
Interest Earned on Investments	650		650	50,356	49,706
Interest Earned on Capital Reserve Funds				163,193	163,193
Unrestricted Miscellaneous Revenues	405,500		405,500	746,048	340,548
Total - Local Sources	11,932,007		11,932,007	12,380,280	448,273
State Sources:					
Equalization Aid	4,200,874		4,200,874	4,200,874	
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	
Lead Testing of Drinking Water				3,586	3,586
TPAF Pension (On-Behalf - Non-Budgeted)				1,351,181	1,351,181
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				354,952	354,952
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				642	642
TPAF Social Security (Reimbursed - Non-Budgeted)				337,399	337,399
Total - State Sources	4,716,357		4,716,357	6,764,117	2,047,760
Federal Sources:					
Vocational Rehabilitation				3,834	3,834
Total - Federal Sources				3,834	3,834
<b>Total Revenues</b>	<b>16,648,364</b>		<b>16,648,364</b>	<b>19,148,231</b>	<b>2,499,867</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Vocational Programs- Instruction</b>					
Salaries of Teachers	2,695,991	\$ (117,992)	2,577,999	2,509,141	68,858
Other Salaries for Instruction	27,576	(770)	26,806		26,806
Purchased Professional-Educational Services	153,500		153,500	96,139	57,361
Purchased Technical Services	28,150	607	28,757	10,110	18,647
Other Purchased Services	73,751	53,954	127,705	99,473	28,232
General Supplies	345,750	76,033	421,783	356,067	65,716
Textbooks	43,450	5,366	48,816	46,890	1,926
Other Objects	17,950	(142)	17,808	13,509	4,299
<b>Total Regular Vocational Programs- Instruction</b>	<b>3,386,118</b>	<b>17,056</b>	<b>3,403,174</b>	<b>3,131,329</b>	<b>271,845</b>
<b>Special Vocational Programs - Instruction</b>					
Salaries of Teachers	831,690	(22,729)	808,961	775,932	33,029
Other Salaries for Instruction	295,808	(30,577)	265,231	183,408	81,823
Purchased Technical Services	19,000	385	19,385	4,536	14,849
Other Purchased Services	18,450	6,656	25,106	12,445	12,661
General Supplies	159,650	30,463	190,113	107,427	82,686
Textbooks	16,150	2,899	19,049	17,725	1,324
Other Objects	10,700	225	10,925	6,567	4,358
<b>Total Special Vocational Programs- Instruction</b>	<b>1,351,448</b>	<b>(12,678)</b>	<b>1,338,770</b>	<b>1,108,040</b>	<b>230,730</b>
<b>TOTAL VOCATIONAL PROGRAMS - INSTRUCTION</b>	<b>4,737,566</b>	<b>4,378</b>	<b>4,741,944</b>	<b>4,239,369</b>	<b>502,575</b>
<b>Undistributed Expend. - Attend. and Social Work</b>					
Salaries	20,609	1,788	22,397	22,397	
<b>Total Undistributed Expend. - Attend. and Social Work</b>	<b>20,609</b>	<b>1,788</b>	<b>22,397</b>	<b>22,397</b>	
<b>Undist. Expend. - Health Services</b>					
Salaries	217,252	2,322	219,574	216,603	2,971
Purchased Professional and Technical Services	8,500	49	8,549	8,549	
Other Purchased Services	11,350	4,164	15,514	10,090	5,424
Supplies and Materials	15,000	2,339	17,339	15,401	1,938
<b>Total Undistributed Expenditures - Health Services</b>	<b>252,102</b>	<b>8,874</b>	<b>260,976</b>	<b>250,643</b>	<b>10,333</b>

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

BUDGETARY COMPARISON SCHEDULE  
(BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	\$ 415,370	\$ (86,183)	\$ 329,187	\$ 329,187	
Salaries of Secretarial and Clerical Assistants	151,776	2,682	154,458	154,458	
Other Salaries	4,000	(4,000)			
Other Purchased Services	28,800	(10,827)	17,973	13,775	\$ 4,198
Supplies and Materials	41,000	(4,805)	36,195	18,243	17,952
Other Objects	500	2,045	2,545	2,470	75
<b>Total Undist. Expend. - Guidance</b>	<b>641,446</b>	<b>(101,088)</b>	<b>540,358</b>	<b>518,133</b>	<b>22,225</b>
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	139,057	91,065	230,122	230,122	
Salaries of Secretarial and Clerical Assistants		13,302	13,302	13,056	246
Other Purchased Services		75	75	75	
Supplies and Materials		425	425	281	144
<b>Total Undist. Expend. - Child Study Teams</b>	<b>139,057</b>	<b>104,867</b>	<b>243,924</b>	<b>243,534</b>	<b>390</b>
<b>Undist. Expend. - Improvement of Inst. Serv.</b>					
Salaries of Supervisors of Instruction	240,179	(2,950)	237,229	197,367	39,862
Salaries of Other Professional Staff	48,600	46,992	95,592	83,955	11,637
Salaries of Secretarial and Clerical Assistants	80,631		80,631	75,273	5,358
Other Purchased Services	5,000	20,336	25,336	17,924	7,412
Supplies and Materials	2,000	1,510	3,510	2,856	654
Other Objects	845	4,239	5,084	4,190	894
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>	<b>377,255</b>	<b>70,127</b>	<b>447,382</b>	<b>381,565</b>	<b>65,817</b>
<b>Undist. Expend. - Inst Staff Training Serv</b>					
Salaries	22,304		22,304	6,285	16,019
Purchased Prof. - Ed Services	7,000	(2,755)	4,245	125	4,120
Other Purchased Services	33,800	1,995	35,795	12,085	23,710
Supplies and Materials	2,100		2,100	708	1,392
<b>Total Undist. Expend. - Inst Staff Training Serv</b>	<b>65,204</b>	<b>(760)</b>	<b>64,444</b>	<b>19,203</b>	<b>45,241</b>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	252,817	(1,600)	251,217	248,677	2,540
Legal Services	67,000	3,578	70,578	41,721	28,857
Audit Fees	39,882		39,882	39,150	732
Architectural/Engineering Services	20,000		20,000	7,500	12,500
Other Purchased Professional Services	9,000	(195)	8,805	8,762	43
Communications/Telephone	57,324	(15,275)	42,049	24,276	17,773
Board of Education Other Purchased Services	5,000	(3,000)	2,000	1,849	151
Miscellaneous Purchased Services	31,970	554	32,524	30,045	2,479
General Supplies	5,000	22,372	27,372	7,684	19,688
Miscellaneous Expenditures	200	195	395	395	
Board of Education Dues and Fees	7,000		7,000	4,755	2,245
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<b>495,193</b>	<b>6,629</b>	<b>501,822</b>	<b>414,814</b>	<b>87,008</b>
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of Principals/Assistant Principals	368,300	73,677	441,977	441,977	
Salaries of Secretarial and Clerical Assistants	216,190	491	216,681	216,681	
Other Purchased Services	20,883	(6,561)	14,322	14,242	80
Supplies and Materials	22,700	(4,866)	17,834	17,553	281
Other Objects	6,800	(242)	6,558	6,557	1
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<b>634,873</b>	<b>62,499</b>	<b>697,372</b>	<b>697,010</b>	<b>362</b>
<b>Undist. Expend. - Central Services</b>					
Salaries	397,451	84,746	482,197	482,197	
Purchased Technical Services	85,000	(81,000)	4,000	2,000	2,000
Misc Purchased Services	96,950	6,721	103,671	101,667	2,004
Supplies and Materials	8,958	28,520	37,478	15,341	22,137
Miscellaneous Expenditures	3,000	(692)	2,308	2,308	
<b>Total Undist. Expend. - Central Services</b>	<b>591,359</b>	<b>38,295</b>	<b>629,654</b>	<b>603,513</b>	<b>26,141</b>
<b>Undist. Expend. - Admin. Info. Technology</b>					
Salaries	298,783	(66,320)	232,463	228,904	3,559
Purchased Technical Services	50,000	121	50,121	50,121	
Other Purchased Services	208,000	(3,212)	204,788	180,743	24,045
Supplies and Materials	316,000	(22,622)	293,378	241,424	51,954
Other Objects	2,000	14,015	16,015	12,864	3,151
<b>Total Undist. Expend. - Admin. Info. Technology</b>	<b>874,783</b>	<b>(78,018)</b>	<b>796,765</b>	<b>714,056</b>	<b>82,709</b>

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

BUDGETARY COMPARISON SCHEDULE  
(BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Required Maint. for Sch. Facil.</b>					
Cleaning, Repair and Maintenance Services	\$ 59,621	\$ 789	\$ 60,410	\$ 60,410	
<b>Total Undist. Expend. - Required Maint. for Sch. Facil.</b>	59,621	789	60,410	60,410	
<b>Undist. Expend. - Custodial Services</b>					
Salaries	678,202	(56,696)	621,506	603,220	\$ 18,286
Salaries of Non-Instructional Aides	20,000	4,446	24,446	24,446	
Purchased Professional and Technical Services	8,000	80,400	88,400	51,998	36,402
Cleaning, Repair and Maintenance Services	750,800	24,066	774,866	387,585	387,281
Rental of Land and Buildings		13,750	13,750	13,750	
Lease Purchase Payments- Energy Savings Improvement Program	790,000		790,000	790,000	
Other Purchased Property Services	44,950	(11,611)	33,339	24,951	8,388
Insurance	115,500	(4,232)	111,268	111,268	
Miscellaneous Purchased Services	5,000	3,500	8,500	8,141	359
General Supplies	141,200	(42,581)	98,619	66,579	32,040
Natural Gas	142,400	1,500	143,900	110,675	33,225
Electricity	171,260	27,056	198,316	176,987	21,329
Other Objects	157,078	(423)	156,655	156,628	27
<b>Total Undist. Expend. - Custodial Services</b>	3,024,390	39,175	3,063,565	2,526,228	537,337
<b>Undist. Expend. - Security</b>					
Purchased Professional and Technical Services	37,500	25,367	62,867	62,867	
Cleaning, Repair and Maintenance Services	15,000	(14,943)	57		57
General Supplies	25,000	12,554	37,554	36,222	1,332
<b>Total Undist. Expend. - Security</b>	77,500	22,978	100,478	99,089	1,389
<b>Undist. Expend. - Student Transportation Serv.</b>					
Salaries for Pupil Trans. Other than Between Home and School	41,400	(583)	40,817	38,314	2,503
Cleaning, Repair and Maintenance Services	25,000	(7,309)	17,691	6,246	11,445
Contracted Services (Other than Between Home and School) - Vendors	22,000	17,937	39,937	35,080	4,857
Transportation Supplies	2,000		2,000	1,010	990
<b>Total Undist. Expend. - Student Transportation Serv.</b>	90,400	10,045	100,445	80,650	19,795
<b>Unallocated Benefits</b>					
Social Security Contributions	215,000	(1,000)	214,000	211,199	2,801
Other Retirement Contributions - PERS	351,000	767	351,767	341,085	10,682
Unemployment Compensation		15	15	15	
Workers' Compensation	90,000	4,666	94,666	94,666	
Health Benefits	1,723,250	(5,366)	1,717,884	1,594,702	123,182
Tuition Reimbursement	15,000		15,000	3,750	11,250
Other Employee Benefits	14,000	(3,996)	10,004	8,576	1,428
Unused Sick Payment to Term/Ret. Staff	77,457	3,824	81,281	81,281	
<b>Total Unallocated Benefits</b>	2,485,707	(1,090)	2,484,617	2,335,274	149,343
TPAF Pension (On-Behalf - Non-Budgeted)				1,351,181	(1,351,181)
TPAF Post Retirement Medical (On-behalf - Non-Budgeted)				354,952	(354,952)
TPAF Non-contributory Insurance (On-behalf - Non-Budgeted)				642	(642)
TPAF Social Security (Reimbursed - Non-Budgeted)				337,399	(337,399)
<b>Total On-behalf Contributions</b>				2,044,174	(2,044,174)
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	9,829,499	185,110	10,014,609	11,010,693	(996,084)
<b>TOTAL GENERAL CURRENT EXPENSE</b>	14,567,065	189,488	14,756,553	15,250,062	(493,509)
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Special Education-Instruction:</b>					
Regular Voc. Programs	11,000	115,275	126,275	116,275	10,000
<b>Undistributed Expenditures:</b>					
Admin Info Tech	12,000	27,662	39,662	39,661	1
Undistributed Exp.- Cleaning, Repair and Maintenance Services	56,000	(49,075)	6,925	6,925	
Undistributed Exp.-Custodial Services		142,908	142,908	92,949	49,959
<b>Undistributed Exp.-Non-Instructional Services</b>					
School buses-regular	12,185		12,185	12,185	
<b>Total Equipment</b>	91,185	236,770	327,955	267,995	59,960
<b>Facilities Acquisition and Construction Services</b>					
Architectural/Engineering Services	305,000	5,500	310,500	47,500	263,000
Construction Services	5,499,000	169,888	5,668,888	244,036	5,424,852
<b>Total Facilities Acquisition and Construction Services</b>	5,804,000	175,388	5,979,388	291,536	5,687,852
<b>TOTAL CAPITAL OUTLAY</b>	5,895,185	412,158	6,307,343	559,531	5,747,812

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

BUDGETARY COMPARISON SCHEDULE  
(BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>SPECIAL SCHOOLS</b>					
<b>Vocational Evening- local - Instruction</b>					
Salaries of Teachers	\$ 198,000	\$ 15,561	\$ 213,561	\$ 205,302	\$ 8,259
Purchased Prof. and Tech. Services	10,000	1,467	11,467	4,607	6,860
Other Purchased Services	34,426	(1,891)	32,535	20,780	11,755
General Supplies	81,200	(7,040)	74,160	71,117	3,043
Textbooks	2,000	7,955	9,955	9,422	533
Other Objects	22,500	(915)	21,585	4,971	16,614
<b>Total Vocational Evening- local - Instruction</b>	<b>348,126</b>	<b>15,137</b>	<b>363,263</b>	<b>316,199</b>	<b>47,064</b>
<b>Vocational Evening- local - Support Services</b>					
Salaries	300,162	(26,978)	273,184	184,679	88,505
Personal Services - Emp. Benefits	98,200	1,000	99,200	39,831	59,369
Other Purchased Services	28,498	(177)	28,321	16,838	11,483
Supplies and Materials	46,500	(270)	46,230	38,748	7,482
Other Objects	1,000	870	1,870	1,622	248
<b>Total Vocational Evening- local - Support Services</b>	<b>474,360</b>	<b>(25,555)</b>	<b>448,805</b>	<b>281,718</b>	<b>167,087</b>
<b>Total Vocational Evening-Local</b>	<b>822,486</b>	<b>(10,418)</b>	<b>812,068</b>	<b>597,917</b>	<b>214,151</b>
<b>TOTAL SPECIAL SCHOOLS</b>	<b>822,486</b>	<b>(10,418)</b>	<b>812,068</b>	<b>597,917</b>	<b>214,151</b>
<b>TOTAL EXPENDITURES</b>	<b>21,284,736</b>	<b>591,228</b>	<b>21,875,964</b>	<b>16,407,510</b>	<b>5,468,454</b>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures</b>	<b>(4,636,372)</b>	<b>(591,228)</b>	<b>(5,227,600)</b>	<b>2,740,721</b>	<b>7,968,321</b>
<b>Other Financing Sources (Uses)</b>					
Transfer In				316,665	(316,665)
<b>Total Other Financing Sources (Uses)</b>				<b>316,665</b>	<b>(316,665)</b>
<b>(Deficiency) Excess of Revenues (Under) Over Expenditures and Other Financing Sources (Uses)</b>	<b>(4,636,372)</b>	<b>(591,228)</b>	<b>(5,227,600)</b>	<b>3,057,386</b>	<b>8,284,986</b>
<b>Fund Balance, July 1</b>	<b>10,735,037</b>		<b>10,735,037</b>	<b>10,735,037</b>	
<b>Fund Balance, June 30</b>	<b>\$ 6,098,665</b>	<b>\$ (591,228)</b>	<b>\$ 5,507,437</b>	<b>\$ 13,792,423</b>	<b>\$ 8,284,986</b>
<b>Recapitulation of (Deficiency) excess of revenues and other financing sources (under) over expenditures and other financing (uses)</b>					
Budgeted Fund Balance	\$ (2,251,372)	\$ (4,211,197)	\$ (6,462,569)	\$ 1,822,417	\$ 8,284,986
Withdrawal From Capital Reserve	(2,385,000)		(2,385,000)	(2,385,000)	
Deposit To Capital Reserve		4,211,193	4,211,193	4,211,193	
Adjustment for Prior Year Encumbrances		(591,224)	(591,224)	(591,224)	
<b>Total</b>	<b>\$ (4,636,372)</b>	<b>\$ (591,228)</b>	<b>\$ (5,227,600)</b>	<b>\$ 3,057,386</b>	<b>\$ 8,284,986</b>
<b>Recapitulation of Fund Balance:</b>					
Restricted Fund Balance:					
Prior Year Excess Surplus Designated for Subsequent Year's Expenditures				\$ 1,236,243	
Excess Surplus-current year				1,068,335	
Capital Reserve				8,633,902	
Maintenance Reserve				300,000	
Unemployment Compensation				129,778	
Assigned to:					
Year End Encumbrances				1,562,365	
Unassigned Fund Balance				861,800	
				13,792,423	
<b>Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:</b>					
Final State Aid Payments Not Realized on GAAP Basis				(471,635)	
Fund balance per Governmental Funds (GAAP)				<u>13,320,788</u>	

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

**BUDGETARY COMPARISON SCHEDULE  
(BUDGETARY BASIS)  
YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues</b>					
State sources	\$ 88,937	\$ 72,057	\$ 160,994	\$ 117,247	\$ (43,747)
Federal sources	351,087	1,626,133	1,977,220	1,240,385	(736,835)
Local sources	78,000	145,358	223,358	133,829	(89,529)
Total Revenues	<u>518,024</u>	<u>1,843,548</u>	<u>2,361,572</u>	<u>1,491,461</u>	<u>(870,111)</u>
<b>Expenditures</b>					
Current expenditures:					
Instruction:					
Salaries of teachers		234,860	234,860	149,753	85,107
Purchased professional services		227,371	227,371	22,175	205,196
Other purchased services	78,000	88,248	166,248	71,075	95,173
General supplies	171,708	472,764	644,472	406,903	237,569
Total instruction	<u>249,708</u>	<u>1,033,243</u>	<u>1,282,951</u>	<u>652,306</u>	<u>630,645</u>
Support services:					
Salaries		177,364	177,364	111,061	66,303
Personal services—employee benefits		55,034	55,034	34,252	20,782
Purchased professional services	17,354	(3,354)	14,000	8,000	6,000
Other purchased professional services		57,678	57,678	44,364	13,314
Supplies and materials		53,854	53,854	22,197	31,657
Other objects		1,929	1,929	1,129	800
Scholarships				200	(200)
Student activities				40,774	(40,774)
Total support services	<u>17,354</u>	<u>342,505</u>	<u>359,859</u>	<u>261,977</u>	<u>97,882</u>
Capital outlay:					
Instructional equipment	250,962	467,800	718,762	574,611	144,151
Total capital outlay	<u>250,962</u>	<u>467,800</u>	<u>718,762</u>	<u>574,611</u>	<u>144,151</u>
Total Expenditures	<u>518,024</u>	<u>1,843,548</u>	<u>2,361,572</u>	<u>1,488,894</u>	<u>872,678</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,567</u>	<u>\$ 2,567</u>
Fund Balance July 1,				<u>39,003</u>	
Fund Balance, June 30				<u>\$ 41,570</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 10,033	
Student activities				31,537	
Total Fund Balance				<u>\$ 41,570</u>	

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

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET TO GAAP RECONCILIATION**

**YEAR ENDED JUNE 30, 2023**

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 19,148,231	\$ 1,491,461
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year		41,388
Current year		(67,167)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	366,071	
Current year	(471,635)	
	\$ 19,042,667	\$ 1,465,682
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 16,407,510	\$ 1,488,894
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year		41,388
Current year		(67,167)
	\$ 16,407,510	\$ 1,463,115

## **Supplementary Information**



## **Special Revenue Fund**

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

E-1

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

Year Ended June 30, 2023

	E.S.E.A.		I.D.E.A. Part B Basic	ARP I.D.E.A. Basic	COVID-19 Education Stabilization Fund								Carl D. Perkins	SDA Emergent Needs	Local Grant	Scholarship Fund	Student Activity Funds	Totals
	Carl D. Perkins	Title I Part A			Title II Part A	CRRSA ESSER II	CRRSA Learning Acceleration	CRRSA Mental Health	ARP ESSER III	ARP Learning Acceleration	ARP Mental Health	ARP Summer Learning						
<b>REVENUES:</b>																		
Local Sources																		
State Sources																		
Federal Sources	\$ 248,549	\$ 51,949	\$ 12,930	\$ 49,560	\$ 19,483	\$ 398,893	\$ 16,927	\$ 2,651	\$ 328,104	\$ 56,528	\$ 45,000	\$ 9,811	\$ 88,484	\$ 28,763	\$ 90,288	\$ 312	\$ 43,229	\$ 133,829
Total Revenues	\$ 248,549	\$ 51,949	\$ 12,930	\$ 49,560	\$ 19,483	\$ 398,893	\$ 16,927	\$ 2,651	\$ 328,104	\$ 56,528	\$ 45,000	\$ 9,811	\$ 88,484	\$ 28,763	\$ 90,288	\$ 312	\$ 43,229	\$ 1,491,461
<b>EXPENDITURES:</b>																		
Instruction:																		
Salaries of Teachers		\$ 30,827		\$ 30,828	\$ 18,054		\$ 9,856		\$ 57,404				\$ 2,784					\$ 149,753
Purchased Professional and Technical Services	\$ 12,109											\$ 9,811	255					22,175
Purchased Professional - Educational Services															\$ 71,075			71,075
Supplies and Materials	122,730	4,805				\$ 229,231			3,068				30,256		19,213			409,303
Total Instruction	134,839	35,632		30,828	18,054	229,231	9,856		60,472			9,811	33,295		90,288			652,306
Support Services:																		
Salaries							7,071	\$ 2,462		\$ 56,528	\$ 45,000							111,061
Personal Services - Employee Benefits		16,317		16,317	1,429			189										34,252
Purchased Professional - Technical & Educational Services			\$ 8,000															8,000
Other Purchased Professional Services	4,800		4,601						6,200				\$ 28,763					44,364
Supplies and Materials				1,615					20,582									22,197
Other Objects			329	800														1,129
Scholarships awarded																\$ 200		200
Student Activities																	\$ 40,774	40,774
Total Support Services	4,800	16,317	12,930	18,732	1,429		7,071	2,651	26,782	56,528	45,000			28,763		200	40,774	261,977
Capital Outlay:																		
Instructional Equipment	108,910					169,662			29,453				55,189					363,214
Non-Instructional Equipment									211,397									211,397
Total Capital Outlay	108,910					169,662			240,850				55,189					574,611
Total Expenditures	\$ 248,549	\$ 51,949	\$ 12,930	\$ 49,560	\$ 19,483	\$ 398,893	\$ 16,927	\$ 2,651	\$ 328,104	\$ 56,528	\$ 45,000	\$ 9,811	\$ 88,484	\$ 28,763	\$ 90,288	\$ 200	\$ 40,774	\$ 1,488,894
Excess of Revenues over Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112	2,455	2,567
Fund Balance, July 1																9,921	29,082	39,003
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,033	\$ 31,537	\$ 41,570

**Capital Projects Fund**

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

SUMMARY SCHEDULE OF PROJECT EXPENDITURES

Year ended June 30, 2023

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date Prior Years</u>	<u>Current Year</u>	<u>Unexpended Appropriations June 30, 2023</u>
Assunpink Center Vocational School: Mechanical, Electrical, Security and General Construction Alterations	8/17/2015	\$ 1,586,720	\$ 1,586,720		\$ -
Site Work	3/30/2017	<u>245,538</u>	<u>92,958</u>	\$ 152,580	<u>-</u>
Totals		<u>\$ 1,832,258</u>	<u>\$ 1,679,678</u>	<u>\$ 152,580</u>	<u>\$ -</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, 2023

	<u>Current Year</u>
Revenues	
State sources	\$ (211,109)
County Sources	(17,415)
Total Revenues	<u>(228,524)</u>
Expenditures	
Construction services	152,580
Total Expenditures	<u>152,580</u>
Deficiency of revenues under expenditures	(381,104)
Other Financing Uses:	
Transfer out	(316,666)
Total Other Financing Uses	<u>(316,666)</u>
Fund Balance, July 1	697,770
Fund Balance, June 30	<u><u>\$ -</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, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
Transfer from capital reserve	\$ 1,268,697	\$ (316,666)	\$ 952,031	\$ 952,031
State Sources	845,798	(211,109)	634,689	634,689
Total Revenues and Other Financing Sources	<u>2,114,495</u>	<u>(527,775)</u>	<u>1,586,720</u>	<u>1,586,720</u>
<b>Expenditures and Other Financing Uses:</b>				
Engineering services	118,020		118,020	118,020
Construction Services	1,468,700		1,468,700	1,468,700
Total Expenditures and Other Financing Uses	<u>1,586,720</u>		<u>1,586,720</u>	<u>1,586,720</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 527,775</u>	<u>\$ (527,775)</u>	<u>\$ -</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	(527,775)
Revised Authorized Cost	\$ 1,586,720

Percentage Increase (Decrease) over  
Authorized Cost

-25.0%

Percentage completion  
Target completion date

100%  
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, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources:</b>				
County Sources	\$ 262,953	\$ (17,415)	\$ 245,538	\$ 245,538
Total Revenues and Other Financing Sources	262,953	(17,415)	245,538	245,538
<b>Expenditures and Other Financing Uses:</b>				
Construction Services	92,958	152,580	245,538	245,538
Total Expenditures and Other Financing Uses	92,958	152,580	245,538	245,538
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 169,995</u>	<u>\$ (169,995)</u>	<u>\$ -</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	(17,415)
Revised Authorized Cost	\$ 245,538
Percentage Increase (Decrease) over Authorized Cost	-6.6%
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 FINANCED PURCHASES PAYABLE

Year Ended June 30, 2023

Purpose	Amount of Original Issue	Maturities		Interest Rate	Balance July 1, 2022	Retired	Balance June 30, 2023
		Date	Amount				
Energy Savings Improvement Plan	\$ 11,200,000	7/15/2023	\$ 840,000	3.85%	\$ 4,410,000	\$ 790,000	\$ 3,620,000
		7/15/2024	880,000	3.85%			
		7/15/2025	925,000	3.85%			
		7/15/2026	975,000	3.85%			
Equipment	86,440				11,740	-	
					<u>\$ 4,421,740</u>	<u>\$ 790,000</u>	<u>\$ 3,620,000</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$ 17,146,622	\$ 18,021,560	\$ 18,177,214	\$ 19,222,712	\$ 20,326,428	\$ 20,632,239	\$ 21,452,163	\$ 20,929,988	\$ 20,556,943	\$ 20,772,403
Restricted	2,565,448	2,722,326	4,459,879	4,254,896	4,212,218	4,936,412	5,880,870	8,291,938	9,688,880	11,409,828
Unrestricted (deficit)	152,319	(5,410,629)	(6,133,111)	(6,910,963)	(6,896,118)	(7,013,830)	(6,509,321)	(6,347,094)	(4,967,100)	(3,228,182)
Total governmental activities net position	<u>\$ 19,864,389</u>	<u>\$ 15,333,257</u>	<u>\$ 16,503,982</u>	<u>\$ 16,566,645</u>	<u>\$ 17,642,528</u>	<u>\$ 18,554,821</u>	<u>\$ 20,823,712</u>	<u>\$ 22,874,832</u>	<u>\$ 25,278,723</u>	<u>\$ 28,954,049</u>
Business-type activities:										
Unrestricted		\$ 20,708	\$ 50,848	\$ 1,808	\$ 8,378					
Total business-type activities net position	<u>\$ -</u>	<u>\$ 20,708</u>	<u>\$ 50,848</u>	<u>\$ 1,808</u>	<u>\$ 8,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Government-wide:										
Net investment in capital assets	\$ 17,146,622	\$ 18,021,560	\$ 18,177,214	\$ 19,222,712	\$ 20,326,428	\$ 20,632,239	\$ 21,452,163	\$ 20,929,988	\$ 20,556,943	\$ 20,772,403
Restricted	2,565,448	2,722,326	4,459,879	4,254,896	4,212,218	4,936,412	5,880,870	8,291,938	9,688,880	11,409,828
Unrestricted (deficit)	152,319	(5,389,921)	(6,082,263)	(6,909,155)	(6,887,740)	(7,013,830)	(6,509,321)	(6,347,094)	(4,967,100)	(3,228,182)
Total government-wide net position	<u>\$ 19,864,389</u>	<u>\$ 15,353,965</u>	<u>\$ 16,554,830</u>	<u>\$ 16,568,453</u>	<u>\$ 17,650,906</u>	<u>\$ 18,554,821</u>	<u>\$ 20,823,712</u>	<u>\$ 22,874,832</u>	<u>\$ 25,278,723</u>	<u>\$ 28,954,049</u>

Source: ACFR Schedule A-1 and District records.

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Current:</b>										
Vocational Education	\$ 3,328,663	\$ 3,848,035	\$ 4,203,647	\$ 4,927,850	\$ 5,324,742	\$ 5,260,694	\$ 4,874,292	\$ 5,196,261	\$ 4,956,947	\$ 5,099,416
Special Vocational Education	1,705,383	1,883,263	2,003,214	2,209,012	1,950,542	2,140,608	2,077,871	2,185,336	1,890,166	1,681,150
<b>Support Services and Undistributed Costs:</b>										
Student and Instruction Related Services	1,238,275	1,367,682	1,578,392	2,164,263	2,249,689	1,868,201	2,355,052	2,746,409	2,433,536	2,401,064
General Administrative Services	622,392	733,432	766,738	835,040	726,390	807,260	830,732	868,408	586,688	564,879
School Administration	885,199	934,242	967,944	1,134,178	1,213,086	1,052,937	728,483	951,740	757,860	1,026,299
Plant Operations and Maintenance	1,600,634	1,746,017	1,769,325	1,743,880	1,666,374	1,840,030	1,795,304	1,883,509	1,935,186	2,257,877
Pupil Transportation	25,366	31,411	28,960	19,230	90,994	32,244	49,205	4,238	99,988	106,614
Central Services/Benefits/Admin Info Tech	685,163	707,130	706,504	809,648	1,120,635	1,268,542	1,337,906	1,464,240	1,580,382	1,768,989
Special Schools	1,901,174	1,853,901	2,034,478	2,298,668	2,142,790	2,030,560	1,027,344	622,761	762,685	722,836
Interest on Long Term Obligations	427,910	365,488	356,459	327,362	294,742	266,572	231,693	203,099	171,549	140,655
<b>Total governmental activities expenses</b>	<b>12,420,159</b>	<b>13,470,601</b>	<b>14,415,661</b>	<b>16,469,131</b>	<b>16,779,984</b>	<b>16,567,648</b>	<b>15,307,882</b>	<b>16,126,001</b>	<b>15,174,987</b>	<b>15,769,779</b>
<b>Business-Type Activities:</b>										
Rubino Academy	2,792,285	2,639,250	2,298,370	1,882,070	1,697,765	2,091,182	1,979,472	1,761,434	1,454,316	1,663,360
H.O.S.A.		65,569								
<b>Total business-type activities expenses</b>	<b>2,792,285</b>	<b>2,704,819</b>	<b>2,298,370</b>	<b>1,882,070</b>	<b>1,697,765</b>	<b>2,091,182</b>	<b>1,979,472</b>	<b>1,761,434</b>	<b>1,454,316</b>	<b>1,663,360</b>
<b>Total district expenses</b>	<b>15,212,444</b>	<b>16,175,420</b>	<b>16,714,031</b>	<b>18,351,201</b>	<b>18,477,749</b>	<b>18,658,830</b>	<b>17,287,354</b>	<b>17,887,435</b>	<b>16,629,303</b>	<b>17,433,139</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Tuition	1,397,363	1,733,380	2,357,440	3,380,962	3,819,606	4,081,204	4,027,333	3,960,449	4,187,769	4,597,030
Student and instruction related services								7,123	30,393	43,228
Operating Grants and Contributions	476,502	517,310	620,306	544,921	658,135	518,029	580,055	707,489	793,903	1,422,454
Capital Grants and Contributions			623,668	486,434	506,622	550,407	781,396	154,876		149,303
<b>Total governmental activities program revenues</b>	<b>1,873,865</b>	<b>2,250,690</b>	<b>3,601,414</b>	<b>4,412,317</b>	<b>4,984,363</b>	<b>5,149,640</b>	<b>5,388,784</b>	<b>4,829,937</b>	<b>5,012,065</b>	<b>6,212,015</b>
<b>Business-Type Activities:</b>										
Charges for Services	2,792,285	2,725,527	2,328,510	1,833,030	1,704,335	2,078,650	1,979,472	1,761,434	1,454,316	1,663,360
<b>Total business-type activities program revenues</b>	<b>2,792,285</b>	<b>2,725,527</b>	<b>2,328,510</b>	<b>1,833,030</b>	<b>1,704,335</b>	<b>2,078,650</b>	<b>1,979,472</b>	<b>1,761,434</b>	<b>1,454,316</b>	<b>1,663,360</b>
<b>Total district program revenues</b>	<b>4,666,150</b>	<b>4,976,217</b>	<b>5,929,924</b>	<b>6,245,347</b>	<b>6,688,698</b>	<b>7,228,290</b>	<b>7,368,256</b>	<b>6,591,371</b>	<b>6,466,381</b>	<b>7,875,375</b>
<b>Net (Expense)/Revenue:</b>										
Governmental activities	(10,546,294)	(11,219,911)	(10,814,247)	(12,056,814)	(11,795,621)	(11,418,008)	(9,919,098)	(11,296,064)	(10,162,922)	(9,557,764)
Business-type activities		20,708	30,140	(49,040)	6,570	(12,532)				
<b>Total district-wide net expense</b>	<b>(10,546,294)</b>	<b>(11,199,203)</b>	<b>(10,784,107)</b>	<b>(12,105,854)</b>	<b>(11,789,051)</b>	<b>(11,430,540)</b>	<b>(9,919,098)</b>	<b>(11,296,064)</b>	<b>(10,162,922)</b>	<b>(9,557,764)</b>
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental activities:</b>										
County Taxes / Appropriation	12,944,147	7,631,695	6,685,363	6,762,253	6,897,498	7,035,448	7,176,157	7,176,157	7,176,157	7,176,157
State and Federal Sources	3,002,117	3,845,589	4,310,883	5,019,211	5,738,142	5,039,912	4,613,105	5,750,282	5,132,119	5,449,841
Miscellaneous Income	1,155,451	987,428	988,726	338,013	235,864	254,941	398,727	258,056	258,537	607,093
<b>Total governmental activities</b>	<b>17,101,715</b>	<b>12,464,712</b>	<b>11,984,972</b>	<b>12,119,477</b>	<b>12,871,504</b>	<b>12,330,301</b>	<b>12,187,989</b>	<b>13,184,495</b>	<b>12,566,813</b>	<b>13,233,091</b>
<b>Business-type activities:</b>										
Miscellaneous Income						4,154				
<b>Total business-type activities</b>						<b>4,154</b>				
<b>Total district-wide</b>	<b>17,101,715</b>	<b>12,464,712</b>	<b>11,984,972</b>	<b>12,119,477</b>	<b>12,871,504</b>	<b>12,334,455</b>	<b>12,187,989</b>	<b>13,184,495</b>	<b>12,566,813</b>	<b>13,233,091</b>
<b>Change in Net Position:</b>										
Governmental activities	6,555,421	1,244,801	1,170,725	62,663	1,075,883	912,293	2,268,891	1,888,431	2,403,891	3,675,327
Business-type activities		20,708	30,140	(49,040)	6,570	(8,378)				
<b>Total district</b>	<b>\$ 6,555,421</b>	<b>\$ 1,265,509</b>	<b>\$ 1,200,865</b>	<b>\$ 13,623</b>	<b>\$ 1,082,453</b>	<b>\$ 903,915</b>	<b>\$ 2,268,891</b>	<b>\$ 1,888,431</b>	<b>\$ 2,403,891</b>	<b>\$ 3,675,327</b>

Source: ACFR Schedule A-2 and District records.

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,									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021*</u>	<u>2022</u>	<u>2023</u>
General Fund:										
Restricted for	\$ 2,565,448	\$ 2,709,951	\$ 2,855,791	\$ 3,380,647	\$ 3,614,983	\$ 4,376,793	\$ 5,321,851	\$ 7,940,842	\$ 9,329,934	\$ 11,368,258
Assigned to	316,031	527,105	7,142	66,604	232,009	62,451	428,742	338,718	591,224	1,562,365
Unassigned	419,956	429,573	522,748	498,096	529,730	544,370	506,906	441,091	447,808	390,165
Total General Fund	<u>\$ 3,301,435</u>	<u>\$ 3,666,629</u>	<u>\$ 3,385,681</u>	<u>\$ 3,945,347</u>	<u>\$ 4,376,722</u>	<u>\$ 4,983,614</u>	<u>\$ 6,257,499</u>	<u>\$ 8,720,651</u>	<u>\$ 10,368,966</u>	<u>\$ 13,320,788</u>
All Other Governmental Funds:										
Restricted for Special Revenue Fund								\$ 34,431	\$ 39,003	\$ 41,570
Restricted for Capital Projects		\$ 12,375	\$ 1,661,891	\$ 932,240	\$ 655,661	\$ 559,619	\$ 559,019	316,665	319,943	
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ 12,375</u>	<u>\$ 1,661,891</u>	<u>\$ 932,240</u>	<u>\$ 655,661</u>	<u>\$ 559,619</u>	<u>\$ 559,019</u>	<u>\$ 351,096</u>	<u>\$ 358,946</u>	<u>\$ 41,570</u>

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
County Appropriation / Tax Levy	\$ 6,467,961	\$ 6,467,961	\$ 6,629,660	\$ 6,762,253	\$ 6,897,498	\$ 7,035,448	\$ 7,176,157	\$ 7,176,157	\$ 7,176,157	\$ 7,176,157
County Appropriation / Capital Projects Fund	6,476,186	1,163,734	55,703							
Tuition	1,397,363	1,733,380	2,357,440	2,804,093	3,234,147	3,475,437	3,720,807	3,871,457	3,917,769	4,243,156
Interest Earnings	1,794	1,827	4,815	7,669	28,713	57,403	47,782	2,458	8,812	213,549
Miscellaneous	1,187,127	939,147	1,077,823	907,213	1,154,846	1,391,214	1,438,467	508,212	585,164	1,241,659
State Sources	3,016,418	3,140,578	4,064,088	3,877,425	4,028,134	4,102,362	4,285,899	4,627,148	5,772,020	6,564,690
Federal Sources	454,161	491,137	468,354	519,946	485,587	390,126	406,595	598,012	608,016	1,218,440
<b>Total Revenues</b>	<b>19,001,010</b>	<b>13,937,764</b>	<b>14,657,883</b>	<b>14,878,599</b>	<b>15,828,925</b>	<b>16,451,990</b>	<b>17,075,707</b>	<b>16,783,444</b>	<b>18,067,938</b>	<b>20,657,651</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	1,114,374	2,422,239	2,505,922	2,512,063	2,830,406	3,043,291	2,836,993	2,933,592	3,458,913	3,712,305
Special Education Instruction	2,263,532	1,135,116	1,144,187	1,273,689	1,053,536	1,214,845	1,212,481	1,200,751	1,309,113	1,174,500
<b>Support Services:</b>										
Student and Instruction Related Services	818,284	843,437	944,223	1,123,759	1,173,023	1,027,721	1,342,496	1,542,701	1,696,064	1,694,937
General Administration	433,215	473,236	474,167	484,134	427,765	512,258	547,503	535,015	431,024	414,814
School Administrative Services	571,123	550,415	565,965	567,240	600,551	563,992	408,132	517,656	507,345	697,010
Central Services	249,582	188,303	194,856	216,683	298,623	375,146	345,232	373,903	470,279	603,513
Admin. Information Technology	230,671	267,552	240,831	285,455	363,617	405,676	588,564	540,279	706,202	714,057
Plant Operations and Maintenance	1,136,740	1,179,485	1,168,244	1,117,284	1,083,857	1,197,550	1,191,849	1,220,509	1,474,594	1,741,149
Pupil Transportation	21,299	26,463	24,447	16,332	50,501	18,422	32,479	3,480	75,861	80,650
Employee Benefits	2,352,347	2,518,099	2,773,564	3,213,695	3,577,816	3,800,739	3,632,198	3,744,680	3,967,266	4,379,448
Special Schools	1,500,642	1,364,351	1,431,568	1,463,076	1,378,022	1,402,632	761,207	463,493	635,364	597,917
<b>Debt Service:</b>										
Principal	650,000	680,000	893,502	924,943	958,527	979,167	927,406	780,895	821,310	801,740
Interest	403,673	377,487	362,537	340,205	309,478	278,600	246,356	217,083	186,254	155,023
Capital Outlay	6,811,281	1,534,012	1,765,302	1,510,026	1,568,407	1,144,961	1,729,526	616,867	672,184	1,256,142
<b>Total Expenditures</b>	<b>18,556,763</b>	<b>13,560,195</b>	<b>14,489,315</b>	<b>15,048,584</b>	<b>15,674,129</b>	<b>15,965,000</b>	<b>15,802,422</b>	<b>14,690,904</b>	<b>16,411,773</b>	<b>18,023,205</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	444,247	377,569	168,568	(169,985)	154,796	486,990	1,273,285	2,092,540	1,656,165	2,634,446
<b>Other Financing Sources/(Uses):</b>										
Proceeds from Financed Purchases			1,200,000			28,014				
Transfers In		60,000	1,337,394	588	60,435			242,354		316,666
Transfers Out		(60,000)	(1,337,394)	(588)	(60,435)	(4,154)		(242,354)		(316,666)
<b>Total Other Financing Sources/(Uses)</b>	<b>-</b>	<b>-</b>	<b>1,200,000</b>	<b>-</b>	<b>-</b>	<b>23,860</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 444,247</b>	<b>\$ 377,569</b>	<b>\$ 1,368,568</b>	<b>\$ (169,985)</b>	<b>\$ 154,796</b>	<b>\$ 510,850</b>	<b>\$ 1,273,285</b>	<b>\$ 2,092,540</b>	<b>\$ 1,656,165</b>	<b>\$ 2,634,446</b>
Debt Service as a Percentage of Noncapital Expenditures	9%	9%	10%	9%	9%	8%	8%	7%	6%	6%

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 Year Ending June 30,	HCC/Evening School Fees	Interest on Investments	Textbook Sales	Miscellaneous	Program Sales	Total
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	2,458	17,745	358,498	20,026	705,253
2021	88,992	2,458	100	255,494		347,044
2022	270,000	8,812	4,630	240,303	1,095	524,840
2023	353,543	213,549	1,370	354,589	37,916	960,967

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 June 30,	<u>Governmental Activities</u>		Percentage of		Per Capita <sup>a</sup>
	Financed Purchases	Total District	Personal Income <sup>a</sup>		
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
2022	4,421,740	4,421,740	0.02%		12.3
2023	3,620,000	3,620,000	0.01%		9.2

Source: District ACFR 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 Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
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%
2022	358,898	28,640,577,764	74,218	5.8%
2023	393,589	30,664,912,579	77,911	5.0%

**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 2020 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.

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction:										
Vocational - Regular	25.0	26.0	27.5	28.5	31.3	37.9	35.4	32.4	33.4	33.4
Vocational - Special	11.0	11.5	10.5	11.0	11.0	11.5	9.6	11.6	11.1	9.6
Support Services:										
Student and Instruction Related Services	19.0	17.5	18.0	18.0	19.0	18.0	23.0	22.0	19.8	20.4
General Administration	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	9.0	9.0	8.0	8.0	10.0	9.0	6.0	6.0	6.8	8.0
Central Services	22.0	20.0	19.0	19.0	19.0	18.0	19.0	19.0	18.0	20.0
Vocational - Post Secondary	<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>	<u>3.0</u>	<u>          </u>
Total	<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>	<u>94.1</u>	<u>93.4</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>
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%
2022	995	14,732,025	14,806	14.93%	44	22.61	963.09	883.80	-1.75%	88.82%
2023	1,306	15,810,300	12,106	-18.24%	44	29.68	925.19	855.82	-3.94%	65.53%

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
High School:										
Assunpink (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)	380	380	380	380	380	380	380	380	380	380
Enrollment	372	345	380	397	355	355	418	429	422	430
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	368	481	478	493	465	465	548	586	573	588
Other:										
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	162	171	156	142	170	149				

Number of Schools at June 30, 2023

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 Buildings	Sypek Buildings	Other Buildings	Total
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
2022	30,343	28,644	14,162	73,149
2023	25,960	25,944	8,506	60,410
<b>Total School Facilities</b>	<b>\$ 252,950</b>	<b>\$ 256,712</b>	<b>\$ 88,199</b>	<b>\$ 597,861</b>

\* 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, 2023

	<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
-Mold		Each 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  
Trenton, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2023.

**Report on 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 or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

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

### Purpose of This Report

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

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
December 4, 2023

*Scott A. Clelland*

Scott A. Clelland, CPA  
Licensed Public School Accountant, No. 1049

**Report on Compliance For Each Major Federal and State Program and  
Report on Internal Control Over Compliance Required by  
the Uniform Guidance and New Jersey OMB Circular15-08**

**Independent Auditors' Report**

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

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

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

We have audited 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 OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

**Basis for Opinion on Each Major Federal and State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the audit 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 the audit requirements of New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

### **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
December 4, 2023

*Scott A. Clelland*

Scott A. Clelland, CPA  
Licensed Public School Accountant, No. 1049

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Federal FAIN Number	Program or Award Amount	Grant Period		Balance, June 30, 2022			Adjustments	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2023			Amounts Provided to Subrecipients
				From	To	(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due To Grantor	
<b>U.S. Department of Education</b>																
<b>Passed-Through State Department of Education:</b>																
General Fund:																
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	H126AZ30043	\$ 3,834	7/1/2022	9/30/2023				\$ 3,834	\$ (3,834)						
<b>U.S. Department of Labor--Passed-Through State Department of Labor:</b>																
COVID-19 American Rescue Plan Act (ARPA)																
Unemployment Reimbursement (NC)	17.000	Not available	30,765	07/01/21	06/30/23				30,765	(30,765)						
Total General Fund									34,599	(34,599)						
Special Revenue Fund:																
Perkins (P.L. 101-391)	84.048A	V048A210030	217,862	7/1/2021	6/30/2022	\$ (17,745)			17,745							
Perkins (P.L. 101-391)	84.048A	V048A210030	29,792	7/1/2021	6/30/2022	(1,702)			1,702							
Perkins (P.L. 101-391)	84.048A	V048A220030	231,854	7/1/2022	6/30/2023				13,966	(225,740)	\$ (211,774)					
Perkins (P.L. 101-391)	84.048A	V048A220030	33,248	7/1/2022	6/30/2023					(22,809)	(22,809)					
Title I - Part A	84.010A	S010A210030	147,281	7/1/2021	9/30/2022	(64,126)			84,126							
Title I - Part A	84.010A	S010A220030	144,981	7/1/2022	9/30/2023				27,926	(51,949)	(24,023)					
Title II - Part A - Improving Teacher Quality State Grants	84.367A	S367A210029	21,692	7/1/2021	9/30/2022	(21,692)			21,692							
Title II - Part A - Improving Teacher Quality State Grants	84.367A	S367A220029	21,244	7/1/2022	9/30/2023					(12,930)	(12,930)					
Title IV - Part A	84.358B	S424A210031	11,985	7/1/2021	9/30/2022	(1,985)			1,985							
Special Education Cluster:																
I.D.E.A. Part B Basic (Special Education Cluster)	84.027A	H027A210100	69,702	7/1/2021	9/30/2022	(31,104)			31,104							
I.D.E.A. Part B Basic (Special Education Cluster)	84.027A	H027A220100	52,325	7/1/2022	9/30/2023				13,872	(49,560)	(35,688)					
COVID-19 ARP I.D.E.A. Part B Basic (Special Education Cluster)	84.027X	H027X210100	20,109	7/1/2021	9/30/2022					(19,483)	(19,483)					
Total Special Education Cluster						(31,104)			44,976	(69,043)	(55,171)					
Education Stabilization Fund:																
Elementary and Secondary School Emergency Relief (ESSER):																
COVID-19 CARES Emergency Relief (ESSER I)	84.425D	S425D200027	96,747	3/13/2020	9/30/2022	(11,921)			11,921							
COVID-19 CRRSA ESSER II	84.425D	S425D210027	413,496	3/13/2020	9/30/2023	(783)			121,639	(398,893)	(278,037)					
COVID-19 CR Learning Acceleration	84.425D	S425D210027	26,536	3/13/2020	9/30/2023		\$ 2,343		9,896	(16,927)	(7,071)	\$ 2,343				
COVID-19 CR Mental Health	84.425D	S425D210027	45,000	3/13/2020	9/30/2023	(15,410)			18,061	(2,651)						
COVID-19 ARP ESSER III	84.425U	S425U210027	929,306	3/13/2020	9/30/2024	(34,756)		11,000	169,065	(328,104)	(193,795)	11,000				
COVID-19 ARP Mental Health	84.425U	S425U210027	45,000	3/13/2020	9/30/2024				3,500	(45,000)	(41,500)					
COVID-19 ARP Learning Acceleration	84.425U	S425U210027	67,638	3/13/2020	9/30/2024				24,954	(56,528)	(31,574)					
COVID-19 Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	40,000	3/13/2020	9/30/2024	(16,850)		5,000	11,850	(9,811)	(9,811)					
Total Education Stabilization Fund						(79,720)		18,343	370,846	(857,914)	(561,788)	13,343				
Total U.S. Department of Education Passed-Through State Department of Education						(238,074)		18,343	584,964	(1,240,385)	(888,495)	13,343				
Total Special Revenue Fund						(238,074)		18,343	584,964	(1,240,385)	(888,495)	13,343				
Total Expenditures of Federal Awards						\$ (238,074)	\$ -	\$ -	\$ 18,343	\$ 619,563	\$ (1,274,984)	\$ -	\$ (888,495)	\$ 13,343	\$ -	

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

AREA VOCATIONAL-TECHNICAL SCHOOLS  
OF MERCER COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Year ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance, June 30, 2022					Repayment of Prior Years' Balance	Balance, June 30, 2023			Memo		
			From	To	(Accounts Receivable)	Unearned Revenue	Due To Grantor	Cash Received	Budgetary Expenditures		Adjustments	(Accounts Receivable)	Unearned Revenue	Due To Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>																
General Fund:																
Equalization Aid	23-495-034-5120-078	\$ 4,200,874	07/01/22	06/30/23				\$ 3,780,787	\$ (4,200,874)						\$ (420,087)	\$ (4,200,874)
Equalization Aid	22-495-034-5120-078	3,145,226	07/01/21	06/30/22	\$ (314,523)			314,523								
Special Education Categorical Aid	23-495-034-5120-089	293,805	07/01/21	06/30/22				264,425	(293,805)					(29,380)	(293,805)	
Special Education Categorical Aid	22-495-034-5120-089	293,805	07/01/21	06/30/22	(29,381)			29,381								
Security Aid	23-495-034-5120-084	118,657	07/01/22	06/30/23				106,791	(118,657)					(11,866)	(118,657)	
Security Aid	22-495-034-5120-084	118,657	07/01/21	06/30/22	(11,865)			11,865								
Adjustment Aid	23-495-034-5120-085	103,021	07/01/22	06/30/23				92,719	(103,021)					(10,302)	(103,021)	
Adjustment Aid	22-495-034-5120-085	103,021	07/01/21	06/30/22	(10,302)			10,302								
Lead Testing for Schools Aid	23-495-034-5120-104	3,586	07/01/21	06/30/22				3,586		\$ (3,586)						
On-Behalf TPAF Pension	23-495-034-5094-002	1,351,181	07/01/22	06/30/23				1,351,181	(1,351,181)							(1,351,181)
On-Behalf TPAF Post Retirement Medical	23-495-034-5094-001	354,952	07/01/22	06/30/23				354,952	(354,952)							(354,952)
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	642	07/01/22	06/30/23				642	(642)							(642)
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	337,399	07/01/22	06/30/23				304,024	(337,399)			\$ (33,375)				(337,399)
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	308,878	07/01/21	06/30/22	(43,899)			43,899								
Subtotal State Department of Education					(409,970)			6,669,077	(6,760,531)	(3,586)		(33,375)		(471,635)	(6,760,531)	
Total General Fund					(409,970)			6,669,077	(6,760,531)	(3,586)		(33,375)		(471,635)	(6,760,531)	
<b>State Department of Education</b>																
Special Revenue Fund:																
Perkins (P.L. 101-391)	N/A	106,928	07/01/22	06/30/23				88,996	(88,484)						\$ 512	(88,484)
Perkins (P.L. 101-391)	N/A	111,171	07/01/21	06/30/22			\$ 8,458			\$ (8,458)						
Pre-Apprenticeship in Career Education	N/A	53,210	06/01/21	11/30/22	(5,250)			5,250								
SDA Emergent Needs and Capital Maintenance	N/A	28,763	07/01/22	06/30/23				28,763	(28,763)							(28,763)
Total Special Revenue Fund					(5,250)		8,458	123,009	(117,247)			(8,458)		512	(117,247)	
<b>New Jersey Schools Development Authority</b>																
Capital Projects Fund:																
NJ Schools Development Authority	Not available	1,018,550	07/01/15	completion		\$ 38,673					(38,673)					
Total Capital Projects Fund						38,673					(38,673)					
Total Expenditures of State Financial Assistance					\$ (415,220)	\$ 38,673	\$ 8,458	\$ 6,792,086	\$ (6,877,778)	\$ (42,259)	\$ (8,458)	\$ (33,375)	\$ -	\$ 512	\$ (471,635)	\$ (6,877,778)
State Financial Assistance Not Subject to Single Audit Determination:																
On-Behalf TPAF Pension	23-495-034-5094-002	1,351,181	07/01/22	06/30/23				1,351,181	(1,351,181)							(1,351,181)
On-Behalf TPAF Post Retirement Medical	23-495-034-5094-001	354,952	07/01/22	06/30/23				354,952	(354,952)							(354,952)
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	642	07/01/22	06/30/23				642	(642)							(642)
Total State Financial Assistance Subject to Single Audit Determination					\$ (415,220)	\$ 38,673	\$ 8,458	\$ 5,085,311	\$ (5,171,003)	\$ (42,259)	\$ (8,458)	\$ (33,375)	\$ -	\$ 512	\$ (471,635)	\$ (5,171,003)

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

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, 2023

**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, 2023. 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 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 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.



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, 2023

**3. Relationship to Basic Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the 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 \$67,167 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 \$105,564 for the general fund and \$25,779 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	\$ 3,834	\$ 6,658,553	\$ 6,662,387
Special Revenue Fund	1,214,606	117,247	1,331,853
Total award revenues	<u>\$ 1,218,440</u>	<u>\$ 6,775,800</u>	<u>\$ 7,994,240</u>

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, 2023

**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, 2023.

The post retirement pension and medical benefits and insurance received on-behalf of the District for the year ended June 30, 2023, amounted to \$1,706,775. 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.

During fiscal year 2023, the New Jersey Department of Labor notified the District that federal legislation under the CARES Act and the American Rescue Plan Act of 2021 provided for partial federal subsidies related to unemployment insurance benefits attributable to the District's account. The amount of federal subsidies received by the District during fiscal year 2023 amounted to \$30,765, which have been included on the schedule of expenditures of federal awards. These subsidies represent amounts paid on behalf of the District for time periods prior to the current fiscal year (third quarter of 2020 through the second quarter of 2021) and therefore have been excluded from the District's basic financial statements.

**6. Indirect Costs**

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

**7. Adjustments**

The adjustments presented on schedule K-3 and K-4 are the result of reallocations and cancellations of accounts receivable and encumbrances.

Area Vocational-Technical Schools  
of Mercer County School District

Schedule of Findings and Questioned Costs  
Year ended June 30, 2023

**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:

Internal control over financial reporting:

Material weakness(es) identified?  
Significant deficiency(ies) identified?

Unmodified			
_____	Yes	<u>  X  </u>	No
_____	Yes	<u>  X  </u>	None Reported

Noncompliance material to financial statements noted?

_____	Yes	<u>  X  </u>	No
-------	-----	--------------	----

Internal control over major federal programs:

Material weakness(es) identified?  
Significant deficiency(ies) identified?

_____	Yes	<u>  X  </u>	No
_____	Yes	<u>  X  </u>	None Reported

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

Unmodified			
------------	--	--	--

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

_____	Yes	<u>  X  </u>	No
-------	-----	--------------	----

Identification of major federal programs:

<u>AL Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
		<b>COVID-19 Education Stabilization Funds</b>
		<b>Elementary and Secondary School Emergency Relief (ESSER):</b>
84.425D	S425D210027	CRSSA ESSER II
84.425D	S425D210027	CRSSA Learning Acceleration
84.425D	S425D210027	CRSSA Mental Health
84.425U	S425U210027	ARP ESSER III
84.425U	S425U210027	ARP Mental Health
84.425U	S425U210027	ARP Learning Acceleration
84.425U	S425U210027	ARP Evidence Based Summer Learning

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

<u>  \$750,000  </u>			
----------------------	--	--	--

Auditee qualified as low-risk auditee?

_____	Yes	<u>  X  </u>	No
-------	-----	--------------	----

Area Vocational-Technical Schools  
of Mercer County School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2023

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

**State Financial Assistance**

Internal control over major state programs:

Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes  X  None reported

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

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

Identification of major state programs:

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

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

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

Area Vocational-Technical Schools  
of Mercer County School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

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

No compliance or internal control over financial reporting findings noted that are required to be reported under *Government Auditing Standards*.

Area Vocational-Technical Schools  
of Mercer County School District

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2023

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

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