

Board of Education
OF
ATLANTIC COUNTY
SPECIAL SERVICES
SCHOOL DISTRICT

Atlantic County Special Services School District Board of Education
Mays Landing, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009

Comprehensive Annual Financial Report

of the

Atlantic County Special Services School District
Board of Education
Mays Landing, New Jersey

For the Fiscal Year Ended June 30, 2009

Prepared by

Atlantic County Special Services School District
Board of Education
Finance Department

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Introductory Section



ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Lizabeth R. Buoro
Superintendent
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School Business Administrator
(609) 625-5687
Fax (609) 625-0496

October 2, 2009

Honorable President and
Members of the Board of Education
Atlantic County Special Services School District
Mays Landing, New Jersey

Dear Board Members and Constituents
of Atlantic County Special Services School District:

The comprehensive annual financial report of the Atlantic County Special Services School District (District) for the fiscal year ended June 30, 2009, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements, required supplemental information, and other supplementary information, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and State Treasury Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The District is an independent reporting entity within the criteria set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account

groups of the District are included in this report. The Atlantic County Special Services Board of Education, a component unit of the County of Atlantic, constitutes the District's reporting entity.

The mission of the Atlantic County Special Services School District is to provide innovative educational programs and related services for students with special needs ages 3 to 21 who meet eligibility requirements. This will be accomplished by offering specialized, individualized instruction aligned with the New Jersey Core Curriculum Content Standards to meet academic, vocational, functional, physical, and emotional student needs. Essential programs will be developed in collaboration with educational and human services agencies by planning, coordinating, assisting and/or implementing countywide programs as appropriate.

The Board of Education provides remedial reading, math, writing and speech services to nonpublic pupils at Holy Spirit High School and nursing services at Harborfields. The District also provides itinerant and consulting services such as physical therapy, occupational therapy, professional training programs, and child study testing services. The educational component is provided for the youth at Harborfields and JINS Shelter, health and physical education to Southern Residential and the Atlantic City Boys and Girls Club.

2) ECONOMIC CONDITION AND OUTLOOK: Atlantic County, along with the southern New Jersey region, has been impacted by our country's economic crisis, with unemployment rates rising and affecting the casino, tourism and retail industries. This summer, our District served as a worksite for Atlantic County's Summer Youth Employment and Training Program, which was funded by the American Recovery and Reinvestment Act for 2009 (ARRA) through the Workforce Investment Board (WIB). While our district is not eligible for ARRA funds, sending districts are receiving these funds, which may assist them in offsetting special education costs and provide an indirect benefit to our district.

3) MAJOR INITIATIVES: A district-wide initiative is being implemented to increase student achievement in core content areas, with emphasis on Language Arts Literacy and Reading, through improved curriculum articulation and standards-based instruction, and the implementation of new language arts programs.

In response to identified needs from our sending districts and the State Department of Education initiative to consolidate services, our district will be increasing Itinerant/Shared Services offerings to Local Education Agencies, to include possible Home Classes in sending district school buildings.

The percentage of multiply disabled students presenting with severe behavior problems who are referred to our district continues to increase. Comprehensive staff development activities, including Non-violent Crisis Intervention training and the Olweus Bullying prevention program, serve to provide consistent frameworks within which to address behavior issues and facilitate the development of pro-social skills.

Our School to Career education program continues to grow, offering the disabled students of Atlantic County the opportunity to earn real-life work experiences in their home communities. This year's list of Community-based Partners included the Harrah's family of casinos, Atlantic City Regional Medical Center (City and Mainland divisions), the Richard Stockton College of New Jersey, Shore Memorial Hospital, Meadowview Nursing Home, Atlantic/Cape Community College, the Atlantic County Library, the Atlantic County Parks and Recreation Department and the Food Bank Community of New Jersey. In addition, educational services are provided through grant funding to students at Holy Spirit High School, the Harborfields Detention Center, and the JINS Youth Shelter.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the District management.

As a recipient of federal awards and state financial assistance, the District also is 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 management.

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

5) BUDGETARY CONTROLS: In addition to internal 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 Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2009.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) DEBT ADMINISTRATION: In accordance with the statutes governing Type I School Districts, the bonded debt is assumed by the County of Atlantic, New Jersey, and provision for amortization of principal and interest on the outstanding debt is included in the county budget.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1(F) and 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. New Jersey Statutes require governmental units to deposit public funds in institutions as described in Note 1(F), Notes to the Financial Statements.

9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of the Alliance of Governmental Auditors, LLC. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Atlantic County Special Services School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Lizabeth Buoro
Superintendent



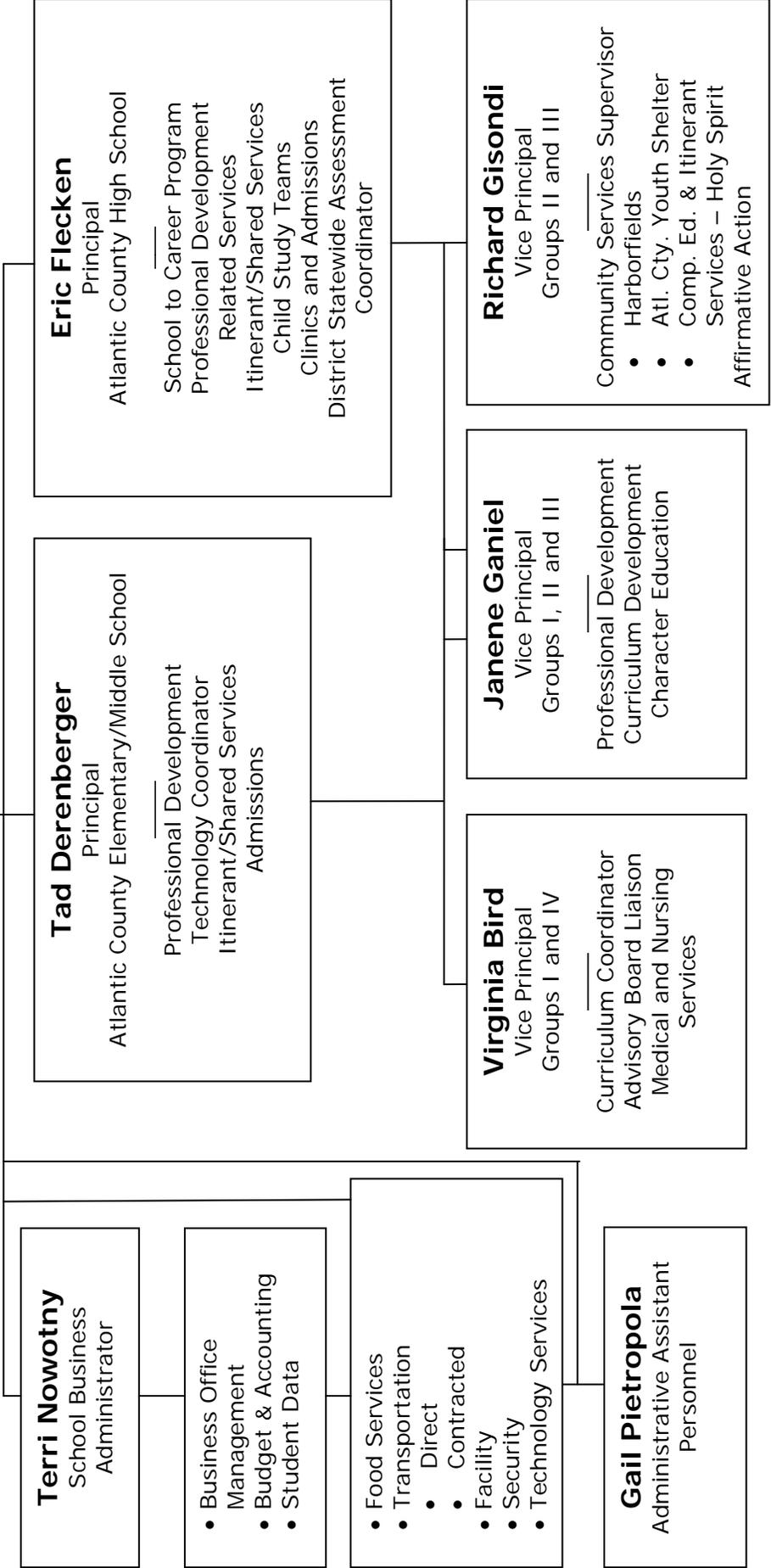
Terri Nowotny, CPA
Business Administrator/
Board Secretary

ORGANIZATIONAL CHART 2009/2010
Effective 9/1/09

Atlantic County Special Services School District
 4805 Nawakwa Blvd.
 Mays Landing, NJ 08330

BOARD OF EDUCATION

Superintendent
 Lizabeth Buoro



Terri Nowotny
 School Business Administrator

- Business Office Management
- Budget & Accounting
- Student Data

- Food Services
- Transportation
 - Direct
 - Contracted
- Facility
- Security
- Technology Services

Gail Pietropola
 Administrative Assistant
 Personnel

Tad Derenberger
 Principal
 Atlantic County Elementary/Middle School
 Professional Development
 Technology Coordinator
 Itinerant/Shared Services
 Admissions

Eric Flecken
 Principal
 Atlantic County High School
 School to Career Program
 Professional Development
 Related Services
 Itinerant/Shared Services
 Child Study Teams
 Clinics and Admissions
 District Statewide Assessment
 Coordinator

Virginia Bird
 Vice Principal
 Groups I and IV
 Curriculum Coordinator
 Advisory Board Liaison
 Medical and Nursing
 Services

Janene Ganiel
 Vice Principal
 Groups I, II and III
 Professional Development
 Curriculum Development
 Character Education

Richard Gisondi
 Vice Principal
 Groups II and III
 Community Services Supervisor
 Harborfields
 Atl. Cty. Youth Shelter
 Comp. Ed. & Itinerant
 Services – Holy Spirit
 Affirmative Action

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MAYS LANDING, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2009

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Philip S. Munafo, President	2012
Marilyn Gallagher, Vice President	2012
Sarah Beth Johnson	2011
Judith Gallagher	2011
Ruth Tunnell	2010
Joseph F. Zondlo	2010
Thomas Dowd	Ex-officio

Other Officials

Lizabeth Buoro, Superintendent

Terri Nowotny CPA, Board Secretary/Business Administrator

Valerie Ritson, Assistant Board Secretary

Charles Beirne, Treasurer

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Consultants and Advisors**

Architect of Record

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Mount Laurel, NJ 08054

Alan Schmoll
Capehart & Scatchard, P.A.
Laurel Corporate Center
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Mount Laurel, NJ 08054

Audit Firm

Alliance of Governmental Auditors, LLC
1409 Cantillon Blvd.
PO Box 548
Mays Landing, NJ 08330

Official Depository

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Marlton, NJ 08053

Ocean City Home Bank
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Mays Landing, NJ 08330
(effective July 1, 2009)

Insurance Agent

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Burlington, NJ 08016

Jeffery Dunn
Glenn Insurance
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Absecon, NJ 08201

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Linwood, NJ 08221

Harborview-Kids First
505 Bay Avenue
Somers Point, NJ 08244

David Horn, M.D.
Childrens Surgical Association of New Jersey
Richard D. Wood Center 2nd Floor
34th Street & Civic Center Blvd.
Philadelphia, PA 19104

Financial Section

**ALLIANCE OF
GOVERNMENTAL
AUDITORS, LLC**

PO Box 548, Mays Landing, NJ 08330
609-625-0999 FAX 609-625-2421

A JOINT VENTURE OF

SWARTZ & CO.,LLC &

TRACEY HEUN BRENNAN & CO. CPAs, PC

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Atlantic County Special Services School
County of Atlantic
Mays Landing, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Atlantic County Special Services School District in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Atlantic County Special Services School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Atlantic County Special Services School District, in the County of Atlantic, State of New Jersey as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2009 on our consideration of the Atlantic County Special Services School Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison Information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Atlantic County Special Services School Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are also not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kenneth Moore, CPA

Kenneth Moore, CPA
Licensed Public School Accountant
No. CS00499

Alliance of Governmental Auditors, LLC

Alliance of Governmental Auditors, LLC

October 2, 2009

Required Supplementary Information
Part I

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Atlantic County Special Services School District's ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net assets of the District increased approximately \$1,800,000 due to unbudgeted tuition revenue and stringent control over expenditures.
- The State of New Jersey reimbursed the District \$600,261 during the fiscal year ended June 30, 2009 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. The State also contributed \$520,079 for TPAF Pension Contributions on-behalf of the district. These amounts, which are not budgeted, are included as both a revenue and appropriation in the financial statements.
- During the fiscal year ended June 30, 2009, the District's revenues were approximately \$2,048,000 more than total expenditures. During the prior fiscal year, expenditures exceeded revenues by approximately \$1,396,000.
- In the District's business-type activities, net assets increased \$460,000 as a result of an excess of revenues over expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the basic *financial statements, required supplementary information*, and an optional section that presents *combining statements for special revenue, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the District operates like businesses, such as the food service area.

- *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

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**Major Features of Atlantic County Special Services School District's
Government-wide and Fund Financial Statements
(Figure A-1)**

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; food service and construction enterprise	Instances in which the District is the trustee or agent for someone else's resources, such as payroll agency and student activities.
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short- term and long- term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.

Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.
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Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District’s *net assets* and how they have changed. Net assets – the difference between the District’s assets and liabilities – is one way to measure the District’s financial health, or *position*.

- Over time, increases or decreases in the District’s net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the County’s property tax base and the condition of the District’s facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – most of the District’s basic services are included here, such as instruction, vocational education, administration, and plant operations. Tuition and state and federal grants finance most of these activities.
- *Business-type activities* – the District charges fees to customers to help it cover the costs of certain services it provides. The District’s food service, transportation enterprise fund, and Teachers Aide enterprise fund are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s most significant *funds* – not the District as a whole. Funds are accounting devices that the

District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District’s *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for its employees’ unemployment compensation plan. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District’s governmental activities net assets increased between fiscal years 2009 and 2008 as a result of unbudgeted tuition revenues. The business-type activities net assets increased due to the excess of revenues over expenses.

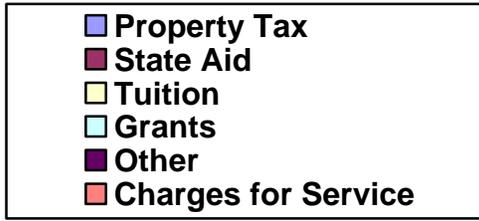
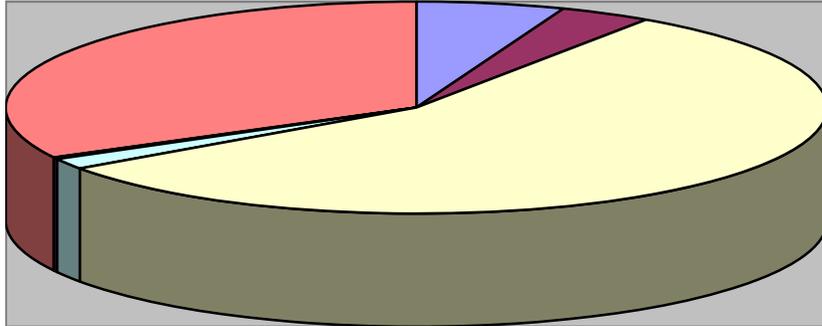
	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
Current and other assets	\$ 4,701,114	2,763,392	4,267,815	3,872,602
Capital assets	25,095,099	25,881,453	1,593,880	1,620,047
Total assets	29,796,213	28,644,845	5,861,695	5,492,649
Long-term liabilities	519,445	603,701	485,254	440,395
Other liabilities	558,124	668,016	90,753	226,894
Total liabilities	1,077,569	1,271,717	576,007	667,289
Net assets				
Invested in capital assets	25,095,099	25,881,453	1,282,907	1,310,824
Restricted	189,785	91,657		
Unrestricted	3,433,760	1,400,018	4,002,781	3,514,536
Total net assets	\$ 28,718,644	27,373,128	5,285,688	4,825,360

Changes in net assets. The total revenue of the District increased approximately \$2,831,000 due to an increase in the tuition rate charged and revenues of the enterprise funds.

Approximately 56% of the District's revenue comes from tuition contracts with various districts within Atlantic County and the surrounding Counties. The County of Atlantic levies property taxes on properties located in the county. This tax is collected by the various municipalities and remitted to the County on a quarterly basis. A portion of this tax levy is appropriated in the County's annual budget and remitted to the District. The District expenses are primarily related to instruction, administration, and plant operations.

	2009		2008	
	Amount	Percentage	Amount	Percentage
Property taxes	\$ 1,980,000	5.87%	\$ 1,920,000	6.22%
Unrestricted State aid	1,219,541	3.62%	1,471,192	4.76%
Tuition	18,841,028	55.88%	15,603,048	50.52%
Charges for Services	11,048,467	32.77%	10,589,730	34.29%
Operating Grants and Contributions	496,848	1.47%	523,022	1.69%
Other	128,820	0.38%	776,754	2.52%
Totals	\$ 33,714,704	100.00%	30,883,746	100.00%

2009 Revenue



Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2009 and 2008 fiscal years.

	Governmental Activities		Business-type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues						
Program revenue						
Charges for services	18,841,028	15,603,048	11,048,467	10,589,730	29,889,495	26,192,778
Federal grants	99,201	41,192	224,324	201,165	323,525	242,357
State and Local Grants	161,884	269,882	11,439	10,783	173,323	280,665
General revenues						
Property taxes	1,980,000	1,920,000			1,980,000	1,920,000
State aid entitlements	1,219,541	1,471,192			1,219,541	1,471,192
Other	91,979	776,219	36,841		128,820	776,219
Total revenues	<u>22,393,633</u>	<u>20,081,533</u>	<u>11,321,071</u>	<u>10,801,678</u>	<u>33,714,704</u>	<u>30,883,211</u>
Expenses						
Instruction:						
Other special instruction	11,357,883	12,178,605			11,357,883	12,178,605
Other instruction	997,651	837,669			997,651	837,669
Support services:						
Student & instruction related	3,949,841	3,996,715			3,949,841	3,996,715
District administration services	970,627	899,442			970,627	899,442
General & business admin	1,433,617	1,526,928			1,433,617	1,526,928
Plant operations & maintenance	2,169,675	2,044,254			2,169,675	2,044,254
Pupil transportation	51,088	46,257			51,088	46,257
Capital Outlay	232	2,443			232	2,443
Business-type activities			10,978,246	9,936,806	10,978,246	9,936,806
Total expenses	<u>20,930,614</u>	<u>21,532,313</u>	<u>10,978,246</u>	<u>9,936,806</u>	<u>31,908,860</u>	<u>31,469,119</u>
(Deficiency) before Transfers	1,463,019	(1,450,780)	342,825	864,872	1,805,844	(585,908)
Transfers	(117,503)	(107,801)	117,503	107,801	-	-
Increase/(Decrease) in net assets	<u>1,345,516</u>	<u>(1,558,581)</u>	<u>460,328</u>	<u>972,673</u>	<u>1,805,844</u>	<u>(585,908)</u>

Business-type Activities

Revenues of the District's business-type activities increased approximately 5% when compared to the previous fiscal year while expenditures increased 10% over the past fiscal year. Factors contributing to these results included:

- An increase in the number of bus routes maintained by the District.
- An increase in the number of teachers aides used during the year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$4,412,990 which is \$2,047,614 higher than the beginning of the year. The most significant increase is due to an increase in the tuition rates charged.

General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue. The budgets are submitted to the County office and, as a Type I School District, are approved by the Board of School Estimates. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue exceeded the budget by \$882,353. This is a result of student counts in excess of the amount anticipated. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by \$1,675,749. The most significant variances occurred in the area of salaries. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the District had invested \$26.7 million (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, vehicles and machinery. This amount represents a net decrease (including additions and deductions) of \$812,523, or 3%, over last year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 636,272	636,272	73,500	73,500	709,772	709,772
Construction in Progress	-	-	9,270	-	9,270	-
Buildings and Improvements	23,457,586	24,130,191	341,461	352,548	23,799,047	24,482,739
Machinery and Equipment	1,001,241	1,114,990	1,169,649	1,193,999	2,170,890	2,308,989
Total	<u>\$ 25,095,099</u>	<u>25,881,453</u>	<u>1,593,880</u>	<u>1,620,047</u>	<u>26,688,979</u>	<u>27,501,500</u>

Long-term Debt

New Jersey State Statutes governing Type I School Districts require the bonded debt be assumed by the County and provision for amortization of principal and interest on the outstanding debt is included in the County budget. The District is party to a capital lease for the purchase of school buses. Refer to the Note 6 to the Financial Statements for more detailed information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District budget for the 2010 fiscal year includes very little expansion for equipment acquisitions.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to present users (residents, sending districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 4805 Nawakwa Boulevard, Mays Landing, New Jersey 08330.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of all funds as of June 30, 2009.

DISTRICT-WIDE FINANCIAL STATEMENTS

The district-wide financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of the governmental and business-like funds as of June 30, 2009.

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,383,711	3,049,656	7,433,367
Receivables, net	232,313	1,184,635	1,416,948
Due from Agency Fund	2,235		2,235
Inventory		33,524	33,524
Other Current Assets	82,855		82,855
Capital assets not being depreciated			
Land	636,272	82,770	719,042
Capital assets, net of accumulated depreciation	24,458,827	1,511,110	25,969,937
Total Assets	29,796,213	5,861,695	35,657,908
LIABILITIES			
Other payables	142,018	90,753	232,771
Intergovernmental payable	416,106		416,106
Noncurrent liabilities:			
Due within one year		213,168	213,168
Due beyond one year	519,445	272,086	791,531
Total liabilities	1,077,569	576,007	1,653,576
NET ASSETS			
Invested in capital assets, net of related debt	25,095,099	1,282,907	26,378,006
Restricted for:			
Other purposes	189,785		189,785
Unrestricted	3,433,760	4,002,781	7,436,541
Total net assets	\$ 28,718,644	5,285,688	34,004,332

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Other special instruction	8,131,439	3,226,444	18,841,028	261,085	7,744,230		7,744,230
Other instruction	714,247	283,404			(997,651)		(997,651)
Support services:							
Student & instruction related services	2,827,806	1,122,035			(3,949,841)		(3,949,841)
School administrative services	694,900	275,727			(970,627)		(970,627)
General and business administrative services	1,026,368	407,249			(1,433,617)		(1,433,617)
Plant operations and maintenance	1,553,333	616,342			(2,169,675)		(2,169,675)
Pupil transportation	36,576	14,512			(51,088)		(51,088)
Unallocated benefits	5,149,836	(5,149,836)			-		-
Capital Outlay	232				(232)		(232)
Total governmental activities	20,134,737	795,877	18,841,028	261,085	(1,828,501)	-	(1,828,501)
Business-type activities:							
Food Service	663,687		266,283	235,763	(161,641)		(161,641)
Transportation	7,109,580		7,695,337		585,757		585,757
Instruction	3,204,979		3,086,847		(118,132)		(118,132)
Total business-type activities	10,978,246		11,048,467	235,763	305,984		305,984
Total primary government	\$ 31,112,983		29,889,495	496,848	(1,828,501)	305,984	(1,522,517)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					1,980,000		1,980,000
Federal and State aid not restricted					1,219,541		1,219,541
Other restricted miscellaneous revenue					232		232
Miscellaneous Income					85,672		85,672
Transfers					(117,503)	117,503	-
Cancellation of Prior Year Payables					7,114	36,841	43,955
Loss on the Disposal of Fixed Assets					(1,039)		(1,039)
Total general revenues, special items, extraordinary items and transfers					3,174,017	154,344	3,328,361
Change in Net Assets					1,345,516	460,328	1,805,844
Net Assets—beginning					27,373,128	4,825,360	32,198,488
Net Assets—ending					28,718,644	5,285,688	34,004,332

FUND FINANCIAL STATEMENTS

The combining and individual fund and account group statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type. The statements are segregated as follows:

Governmental Funds - This section consists of the general fund and the special revenue funds.

Proprietary Funds - This section consists of the food service fund, the transportation enterprise fund, and the Teachers Aide enterprise fund. The proprietary fund is operated in a manner similar to a private business enterprise.

Fiduciary Funds - This section consists of the unemployment compensation insurance trust fund, the financial aid trust fund, the student activity fund, and the payroll agency fund.

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,321,115		62,596	4,383,711
Due from other funds	175,665			175,665
Receivables from other governments	58,459	173,854		232,313
Other Current Assets	82,855			82,855
Total assets	4,638,094	173,854	62,596	4,874,544
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	84,300	424	57,294	142,018
Intergovernmental payable	416,106			416,106
Due to other funds		173,430		173,430
Total liabilities	500,406	173,854	57,294	731,554
Fund Balances:				
Reserved for:				
Encumbrances	1,749			1,749
Capital Reserve	131,287			131,287
Emergency Reserve	56,749			56,749
Unreserved-designated for subsequent years expenditures	981,000			981,000
Unreserved, reported in:				
General fund	2,966,903	-	5,302	2,972,205
Total Fund balances	4,137,688	-	5,302	4,142,990
Total liabilities and fund balances	\$ 4,638,094	173,854	62,596	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 25,095,099

Some liabilities, such as compensated absences and capital leases, are not due and payable in the current period and therefore are not reported in the funds. (519,445)

Net assets of governmental activities \$ 28,718,644

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local tax levy	\$ 1,980,000			1,980,000
Tuition - from LEAs	17,627,517			17,627,517
Other tuition	1,036,448			1,036,448
Non resident fees	177,063			177,063
Other restricted miscellaneous revenue	232			232
Miscellaneous	85,672			85,672
State sources	1,120,340	220,357		1,340,697
Federal sources	99,201	40,728		139,929
	<u>22,126,473</u>	<u>261,085</u>	<u>-</u>	<u>22,387,558</u>
Total revenues				
EXPENDITURES				
Current:				
Other special instruction	7,940,595	190,844		8,131,439
Other instruction	714,247			714,247
Support services and undistributed costs:				
Student & instruction related services	2,757,565	70,241		2,827,806
School administrative services	694,900			694,900
Other administrative services	357,009			357,009
Central Services	611,719			611,719
Admin Information Technology	57,640			57,640
Plant operations and maintenance	1,553,333			1,553,333
Pupil transportation	36,576			36,576
Unallocated Benefits	5,149,836			5,149,836
Capital outlay	56,701	-	38,349	95,050
Total expenditures	<u>19,930,121</u>	<u>261,085</u>	<u>38,349</u>	<u>20,229,555</u>
Excess (Deficiency) of revenues over expenditures	<u>2,196,352</u>	<u>-</u>	<u>(38,349)</u>	<u>2,158,003</u>
OTHER FINANCING SOURCES (USES)				
Contributed Services				-
Cancellation of Prior Year Payables	7,114			7,114
Increase in Capital Reserve	100,000			100,000
Transfer to Capital Reserve	(100,000)			(100,000)
Transfers out	(117,503)			(117,503)
Total other financing sources and uses	<u>(110,389)</u>		<u>-</u>	<u>(110,389)</u>
Net change in fund balances	2,085,963	-	(38,349)	2,047,614
Fund balance—July 1	2,051,725	-	43,651	2,095,376
Fund balance—June 30	<u>\$ 4,137,688</u>	<u>-</u>	<u>5,302</u>	<u>4,142,990</u>

**Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2009**

Total net change in fund balances - governmental funds (from B-2) \$ 2,047,614

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

	(880,133)	
Depreciation expense		
Capital outlays	94,818	(785,315)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 84,256

In the statement of activities losses on the disposal of fixed assets are reported however, there were no financial resources used therefore it is not reported in the changes to fund balance. (1,039)

Change in net assets of governmental activities \$ 1,345,516

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-type Activities - Enterprise Funds				
	Food Service	Transportation	Teachers Aide Services	Non-Major Funds	Totals
ASSETS					
Current assets:					
Cash and cash equivalents		1,374,386	1,535,603	139,667	3,049,656
Accounts receivable					
Federal	\$ 14,695				14,695
State	831				831
Other	15,512	621,261	288,580	243,756	1,169,109
Interfund Receivable			375,680		375,680
Inventory	33,524				33,524
Total current assets	64,562	1,995,647	2,199,863	383,423	4,643,495
Noncurrent assets:					
Land and Improvements		73,500			73,500
Construction in Progress		9,270			9,270
Buildings and Improvements		454,000			454,000
Furniture, machinery & equipment	581,592	3,380,475			3,962,067
Less accumulated depreciation	(285,117)	(2,619,840)			(2,904,957)
Total noncurrent assets	296,475	1,297,405	-	-	1,593,880
Total assets	361,037	3,293,052	2,199,863	383,423	6,237,375
LIABILITIES					
Current liabilities:					
Accounts Payable	700	80,490		9,563	90,753
Interfund payable	284,462			91,218	375,680
Capital Lease Payable		213,168			213,168
Total current liabilities	285,162	293,658	-	100,781	679,601
Noncurrent Liabilities					
Capital Lease Payable		97,805			97,805
Compensated Absences	11,405	162,876			174,281
Total noncurrent liabilities	11,405	260,681	-	-	272,086
Total liabilities	296,567	554,339	-	100,781	951,687
NET ASSETS					
Invested in capital assets net of related debt	296,475	986,432			1,282,907
Unrestricted	(232,005)	1,752,281	2,199,863	282,642	4,002,781
Total net assets	\$ 64,470	2,738,713	2,199,863	282,642	5,285,688

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business-type Activities -				Totals
	Enterprise Fund				
	Food Service	Transportation	Teachers Aide Services	Non-Major Funds	
Operating revenues:					
Charges for services:					
Daily sales - reimbursable programs	\$ 266,283				266,283
Transportation Fees		7,695,337			7,695,337
Fees for Service			2,301,864	436,919	2,738,783
County Aid Payments				348,064	348,064
Total operating revenues	<u>266,283</u>	<u>7,695,337</u>	<u>2,301,864</u>	<u>784,983</u>	<u>11,048,467</u>
Operating expenses:					
Cost of sales	280,726				280,726
Salaries and wages	215,294	2,552,911	1,635,778	745,935	5,149,918
Employee Benefits	124,765	1,928,082	640,563	163,440	2,856,850
Transportation Operations		673,052			673,052
Other objects	1,153				1,153
Interest		15,187			15,187
Contracted Services		1,651,418			1,651,418
General Administrative Expenses				11,588	11,588
Travel				3,601	3,601
Materials and supplies	4,742			4,074	8,816
Depreciation	37,007	288,930			325,937
Total Operating Expenses	<u>663,687</u>	<u>7,109,580</u>	<u>2,276,341</u>	<u>928,638</u>	<u>10,978,246</u>
Operating income/(loss)	<u>(397,404)</u>	<u>585,757</u>	<u>25,523</u>	<u>(143,655)</u>	<u>70,221</u>
Nonoperating revenues:					
Cancellation of prior year payables		36,841			36,841
State sources:					
State school breakfast program	5,878				5,878
State school lunch program	5,561				5,561
Federal sources:					
National school breakfast program	72,378				72,378
National school lunch program	121,812				121,812
Food Distribution Program	30,134				30,134
Total nonoperating revenues	<u>235,763</u>	<u>36,841</u>	<u>-</u>	<u>-</u>	<u>272,604</u>
Income/(Loss) before contributions & transfers	<u>(161,641)</u>	<u>622,598</u>	<u>25,523</u>	<u>(143,655)</u>	<u>342,825</u>
Transfers in					
Operating transfer in - general fund	117,503				117,503
Total transfers in	<u>117,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,503</u>
Change in net assets	<u>(44,138)</u>	<u>622,598</u>	<u>25,523</u>	<u>(143,655)</u>	<u>460,328</u>
Total net assets—beginning	<u>108,608</u>	<u>2,116,115</u>	<u>2,174,340</u>	<u>426,297</u>	<u>4,825,360</u>
Total net assets—ending	<u>\$ 64,470</u>	<u>2,738,713</u>	<u>2,199,863</u>	<u>282,642</u>	<u>5,285,688</u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

Business-type Activities -
Enterprise Funds

	Food Service	Transportation	Teachers Aide Services	Non-Major Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 273,931	7,370,539	2,290,749	818,811	10,754,030
Payments to employees	(214,242)	(2,510,854)	(1,635,778)	(745,935)	(5,106,809)
Payments for benefits	(124,765)	(1,928,082)	(640,563)	(163,440)	(2,856,850)
Payments for suppliers	(276,489)	(2,425,231)	-	(20,243)	(2,721,963)
Net cash provided by/(used for) operating activities	<u>(341,565)</u>	<u>506,372</u>	<u>14,408</u>	<u>(110,807)</u>	<u>68,408</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State Sources	11,372	-	-	-	11,372
Federal Sources	191,687	-	-	-	191,687
Operating subsidies and transfers to other funds	138,506	-	(71,744)	50,741	117,503
Net cash provided by/(used for) non-capital financing activities	<u>341,565</u>	<u>-</u>	<u>(71,744)</u>	<u>50,741</u>	<u>320,562</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of Assets	-	(9,270)	-	-	(9,270)
Payment of Capital Leases	-	(288,750)	-	-	(288,750)
Net cash (used for) capital and related financing activities	<u>-</u>	<u>(298,020)</u>	<u>-</u>	<u>-</u>	<u>(298,020)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends	-	-	-	-	-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	-	208,352	(57,336)	(60,066)	90,950
Balances—beginning of year	-	1,166,034	1,592,939	199,733	2,958,706
Balances—end of year	<u>-</u>	<u>1,374,386</u>	<u>1,535,603</u>	<u>139,667</u>	<u>3,049,656</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating (loss)	(397,404)	585,757	25,523	(143,655)	70,221
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities					
Depreciation and net amortization	37,007	288,930	-	-	325,937
Federal Commodities	30,134	-	-	-	30,134
Cancellation of Prior Year Payables	-	36,841	-	-	36,841
(Increase)/Decrease in accounts receivable, net	7,648	(324,798)	(11,115)	29,812	(298,453)
Increase/(Decrease) in accounts payable	(16,762)	(122,415)	-	3,036	(136,141)
(Increase) in Inventory	(3,240)	-	-	-	(3,240)
Increase in Compensated Absences	1,052	42,057	-	-	43,109
Total adjustments	<u>55,839</u>	<u>(79,385)</u>	<u>(11,115)</u>	<u>32,848</u>	<u>(1,813)</u>
Net cash provided by/(used for) operating activities	<u>\$ (341,565)</u>	<u>506,372</u>	<u>14,408</u>	<u>(110,807)</u>	<u>68,408</u>

**Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30,2009**

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 72,961	82,308	155,269
Total assets	<u>72,961</u>	<u>82,308</u>	<u>155,269</u>
LIABILITIES			
Due to the General Fund		2,235	2,235
Due to the State of New Jersey	5,575		5,575
Payable to student groups		80,073	80,073
Total liabilities	<u>5,575</u>	<u>82,308</u>	<u>87,883</u>
NET ASSETS			
Held in trust for unemployment claims and other purposes:	<u>\$ 67,386</u>		<u>67,386</u>

Exhibit B-8

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2009**

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Employee Contributions	\$ 50,336
Total Contributions	50,336
Investment earnings:	
Interest	403
Net investment earnings	403
Total additions	50,739
DEDUCTIONS	
Unemployment claims	39,841
Miscellaneous	1,428
Total deductions	41,269
Change in net assets	9,470
Net assets—beginning of the year	57,916
Net assets—end of the year	\$ 67,386

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Atlantic County Special Services School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of appointed officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Atlantic County Special Services School District (District) have been prepared in conformity with generally accepted accounting principles (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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY:

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units. The Atlantic County Special Services School is a component unit of the County of Atlantic. The County reports on a regulatory basis of accounting which excludes component units.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS:

This District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2009**

as governmental activities. The District's food service, transportation services, teachers aide service, schools to careers, Harborfields, itinerant services, child study team services and state programs enterprise are classified as business-type activities. Fiduciary funds are excluded from the government-wide financial statements.

In the governmental-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts-invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service, transportation services, teachers aide service, schools to careers, Harborfields, itinerant services, child study team services and state programs enterprise). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (special instruction, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District allocates indirect costs such as depreciation expense and compensated absences.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2009**

of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from serial bonds issued by the County.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District's enterprise fund is comprised of the following:
 - Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District's cafeteria operations.
 - Transportation Fund – This fund accounts for the revenues and expenses pertaining to the transportation services provided to other district within the State.
 - Itinerant Services Fund – This fund accounts for the revenues and expenses pertaining to the various itinerant services provided to other districts within the County.
 - Child Study Team Fund – This fund accounts for the revenues and expenses pertaining to the Child Study Team services provided to other districts within the County.
 - Teacher Aide Services – This fund accounts for the revenues and expenses pertaining to the teacher aide services provided to students.
 - State Programs Fund – This fund accounts for the revenues and expenses pertaining to the educational programs and services provided through a contract with the State of new Jersey, Department of Human Services, Juvenile Justice Commission.
 - Schools to Careers Fund – This fund accounts for the revenues and expenses pertaining to the School to Careers Program that provides activities in a non-traditional community based system that ensures appropriate employment for the graduates.

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2009**

- Harborfields Fund – This fund accounts for the revenues and expenses pertaining to the agreement with Atlantic County government to provide educational services for the County juvenile detention center.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2009**

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased 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 Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate).

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2009**

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District’s use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2008, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$ 31,561
Supplies	1,963
	\$ 33,524

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a county is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. In the proprietary funds, operating revenues consist of revenues that are a direct result of the operations of the program.

Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2009**

6. Expenditures:

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. 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 District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

8. Inter-fund Activity:

Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. 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 are approved by the Board of School Estimates. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6:20-2a.2(m)1. Transfers of appropriations may be made by School

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2009**

Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board. No material transfers were made during the year.

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 generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

10. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

11. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

12. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2009**

13. Allocation of Costs

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the final expenditures by program.

NOTE 2. INVESTMENTS

As of June 30, 2009, the District had no investments.

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer.

NOTE 3. CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2009, \$0 of the District's bank balance of \$7,516,701 was exposed to custodial credit risk.

NOTE 4. CAPITAL RESERVE FUND

A capital reserve account was established by the Atlantic County Special Services School Board of Education on September 28, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2009**

general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question a one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A-23:2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its LRFP.

The activity of the capital reserve for the July 1, 2008 to June 30, 2009 fiscal year is as follows:

Beginning balance, July 1, 2008	\$ 31,055
Interest Earnings	232
Per Res. June 18, 2009	<u>100,000</u>
Ending Balance, June 30, 2009	<u><u>\$ 131,287</u></u>

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**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2009**

NOTE 5. FIXED ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Disposals	Balance June 30, 2009
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 636,272			636,272
Total capital assets not being depreciated	<u>636,272</u>	-	-	<u>636,272</u>
Bldg and bldg improve	28,570,839	38,349		28,609,188
Machinery & equipment	3,073,993	56,469	(53,046)	3,077,416
Total at historical cost	<u>31,644,832</u>	<u>94,818</u>	<u>(53,046)</u>	<u>31,686,604</u>
Less accum depr for:				
Bldg and improve	(4,440,648)	(710,954)		(5,151,602)
Equipment	(1,959,003)	(169,179)	52,007	(2,076,175)
Total accum deprec	<u>(6,399,651)</u>	<u>(880,133)</u>	<u>52,007</u>	<u>(7,227,777)</u>
Total capital assets being depr, net of accum depr	<u>25,245,181</u>	<u>(785,315)</u>	<u>(1,039)</u>	<u>24,458,827</u>
Governmental activities capital assets, net	<u>\$ 25,881,453</u>	<u>(785,315)</u>	<u>(1,039)</u>	<u>25,095,099</u>
Business-type activities:				
Capital assets that are not being depreciated:				
Land	\$ 73,500			73,500
Construction in Progress		9,270		9,270
Total capital assets not being depreciated	<u>73,500</u>	<u>9,270</u>	-	<u>82,770</u>
Building and improve	454,000			454,000
Equipment	3,835,592	290,500	(164,025)	3,962,067
Less accum depr for:				
Building and improve	(101,452)	(11,087)		(112,539)
Equipment	(2,641,794)	(314,649)	164,025	(2,792,418)
Business-type activities capital assets, net	<u>\$ 1,619,846</u>	<u>(25,966)</u>	<u>-</u>	<u>1,593,880</u>

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2009**

Depreciation expense is charged to governmental functions as follows:

Other special instruction	\$	477,605
Other instruction		41,952
Student & instruction related services		166,093
School administrative expenses		40,815
General and business administration		60,284
Plant operations and maintenance		91,236
Pupil Transportation		2,148
	<u>\$</u>	<u>880,133</u>

NOTE 6. GENERAL LONG-TERM DEBT

Governmental Activities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Balance June 30, 2008</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due Within One Year</u>
Compensated Absences Payable	\$ 603,701	33,963	118,219	519,445	
	<u>\$ 603,701</u>	<u>33,963</u>	<u>118,219</u>	<u>519,445</u>	<u>-</u>

**Atlantic County Special Services School
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Notes to the Financial Statements
June 30, 2009**

Business Type Activities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Balance June 30, 2008</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due Within One Year</u>
Obligations under Capital Leases	\$ 309,223	290,500	288,750	310,973	213,168
Compensated Absences Payable	131,172	43,109		174,281	
	<u>\$ 440,395</u>	<u>333,609</u>	<u>288,750</u>	<u>485,254</u>	<u>213,168</u>

Capital Leases – The District is leasing 6 Ford buses from Susquehanna Bank totaling \$347,172 under a capital lease. Payments in the amount of \$123,322 commenced December 18, 2007 and are due each December 18. The final payment is due December 18, 2009. Included in each payment is interest at 4.02% per annum.

The District is leasing 5 Ford buses from TD Bank totaling \$290,500 under a capital lease. Payments in the amount of \$100,983 commenced December 23, 2008 and are due each December 23. The final payment is due December 23, 2010. Included in each payment is interest at 3.50% per annum.

The following is a schedule of the future minimum lease payments under the capital leases and the net minimum lease payments at June 30, 2009.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	213,168	11,137	224,305
2011	<u>97,805</u>	<u>3,178</u>	<u>100,983</u>
Total	<u>310,973</u>	<u>14,315</u>	<u>325,288</u>

**Atlantic County Special Services School
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Notes to the Financial Statements
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The following schedule lists the equipment, along with the accumulated depreciation, that has been obtained through capital leases:

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Remaining Value</u>
11 School Buses	\$637,672	107,256	530,416

NOTE 7. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

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 retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

**Atlantic County Special Services School
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Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 5.5% and the PERS rate is 5.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2009, 2008 and 2007 were \$0, \$581,642 and \$596,570 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for 2007 and 2008 years, the required contribution was not made for 2009. The School District's contributions to PERS for the years ending June 30, 2009, 2008 and 2007 were \$599,104, \$446,942 and \$249,181 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2009, 2008 and 2007, the State of New Jersey contributed \$520,079, \$581,642, and \$596,570, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$600,261, \$590,584, and \$559,221, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2008, there were 80,181 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c. 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2008.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board

**Atlantic County Special Services School
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of education or county college with 25 years of service. The State paid \$116.0 million toward Chapter 126 benefits for 12,545 eligible retired members in Fiscal Year 2008.

NOTE 9. COMPENSATED ABSENCES

District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal year. Unused sick leave may be accumulated and carried forward to subsequent years. Upon retirement and who have not less than fifteen years of service in the District and at least 75 accumulated days, the district shall pay the employee for unused sick leave in accordance with the Districts' agreements with various employee unions. Vacation days not used during the year may be carried forward to the subsequent year and upon the approval of the Board employees may be compensated for their unused vacation time.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Assets. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees.

NOTE 10. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

The Equitable
Lincoln Investments
Frank J. Siracusa & Sons
Met Life
Fidelity Investments
Vanguard

NOTE 11. POSTEMPLOYMENT BENEFITS

In accordance with State statute, employees participating in the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) who retire after reaching age 55 and accumulating 25 years of credited service in either PERS or TPAF are eligible to receive post-retirement health care benefits. The cost of these benefits is actuarially determined and advance funded through contributions by the State. As of June 30, 2009 there were 8 employees

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who met the eligibility requirements for post-retirement healthcare benefits. The funded status and funding progress of post-retirement benefits is combined with the funded status and funding progress of pension benefits described in Note 8.

NOTE 12. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2009 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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. This is a pay as you go plan and the District does not use any present value calculations to determine the estimated liability. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>		<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2008-2009	\$	-	50,739	41,269	67,386
2007-2008		19,500	48,641	51,177	57,916
2006-2007		18,065	45,817	57,478	40,952

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NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2009:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 175,665	
Special Revenue Fund		173,430
Food Service Fund		284,462
Teachers Aide Services	375,680	
Aggregate Non-major funds		91,218
Fiduciary Funds		2,235
Total	<u>\$ 551,345</u>	<u>551,345</u>

All interfunds are created as a result of timing differences between cash requirements in various funds and the receipt of cash from funding agencies and to subsidize operating revenue in food service. During the 2009 fiscal year, the general fund made a permanent interfund transfer in the amount of \$117,503 to the enterprise fund to partially cover accumulated deficits in the District food service program. It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 13. LITIGATION

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any legal proceedings will not have any adverse effect on the accompanying financial statements.

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$4,317,688 General Fund balance at June 30, 2009, \$1,749 is reserved for encumbrances; \$981,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2010; \$131,287 has been reserved for future capital activity; \$56,749 has been reserved for future unanticipated general fund expenditures; and \$2,966,903 is unreserved and undesignated.

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NOTE 15. EMERGENCY RESERVE

An emergency reserve account was established by the Atlantic County Special Services School Board of Education on June 19, 2008 for the accumulation of funds to finance future unanticipated general fund expenditures required for a thorough and efficient education in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the emergency reserve account are limited to the greater of \$250,000 or 1% of the District's general fund budget (\$206,030 for 2009) to a maximum of \$1,000,000. Funds may be withdrawn with the approval of the Commissioner of Education unless the increase is necessary to meet increases in health insurance costs in excess of 4%.

The activity of the emergency reserve for the July 1, 2008 to June 30, 2009 fiscal year is as follows:

Beginning balance, July 1, 2008	\$ 56,349
Interest earned	<u>400</u>
Ending Balance, June 30, 2009	<u><u>\$ 56,749</u></u>

Required Supplementary Information
Part II

BUDGETARY COMPARISON SCHEDULES

The budgetary comparison schedules consist of the comparison of anticipated revenues and budgeted expenditures to actual results for the general and the special revenue funds.

Atlantic County Special Services School District
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 Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,980,000		1,980,000	1,980,000	-
Tuition- from LEAs	16,870,519		16,870,519	17,627,517	756,998
Other Tuition	823,174		823,174	1,036,448	213,274
Non-Resident Fees	222,000		222,000	177,063	(44,937)
Interest Earned on Capital Reserve Funds	1,020		1,020	232	(788)
Miscellaneous	87,067		87,067	85,672	(1,395)
Total - Local Sources	19,983,780	-	19,983,780	20,906,932	923,152
State Sources:					
Reimbursed TPAF Social Security Contributions (non-budgeted)				600,261	600,261
On-behalf TPAF Contributions (non-budgeted)				520,079	520,079
Total - State Sources	-	-	-	1,120,340	1,120,340
Federal Sources:					
Medical Assistance Program	140,000		140,000	99,201	(40,799)
Total - Federal Sources	140,000	-	140,000	99,201	(40,799)
Total Revenues	20,123,780	-	20,123,780	22,126,473	2,002,693

Atlantic County Special Services School District
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 Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Current Expense:					
Multiple Disabilities					
Salaries of Teachers	3,550,543	(75,705)	3,474,838	3,330,831	144,007
Other Salaries for Instruction	2,465,906	(249,380)	2,216,526	1,979,869	236,657
Purchased Professional-Educational Services	8,000	-	8,000	6,467	1,533
Other Purchased Services	4,050	-	4,050	411	3,639
General Supplies	117,582	6,000	123,582	116,547	7,035
Textbooks	9,900	20,800	30,700	29,375	1,325
Other Objects	56,569	-	56,569	44,437	12,132
Total Multiple Disabilities	6,212,550	(298,285)	5,914,265	5,507,937	406,328
Autism					
Salaries of Teachers	176,122	-	176,122	168,879	7,243
Other Salaries for Instruction	320,830	-	320,830	127,204	193,626
Purchased Professional-Educational Services	8,162	-	8,162	4,949	3,213
General Supplies	2,000	-	2,000	1,921	79
Other Objects	2,000	-	2,000	1,584	416
Total Autism	509,114	-	509,114	304,537	204,577
Preschool Disabilities - Full-Time					
Salaries of Teachers	141,557	75,705	217,262	217,260	2
Other Salaries for Instruction	221,690	83,540	305,230	292,248	12,982
General Supplies	1,000	-	1,000	793	207
Other Objects	3,000	-	3,000	2,871	129
Total Preschool Disabilities - Full-Time	367,247	159,245	526,492	513,172	13,320

Atlantic County Special Services School District
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General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Extended School Year					
Salaries of Teachers	436,284	-	436,284	397,259	39,025
Other Salaries for Instruction	303,456	-	303,456	295,242	8,214
Purchased Professional-Educational Services	9,500	-	9,500	8,939	561
General Supplies	15,000	-	15,000	13,376	1,624
Other Objects	58,934	-	58,934	54,776	4,158
Total Extended School Year	823,174	-	823,174	769,592	53,582
Cognitive - Severe					
Salaries of Teachers	474,747	(74,353)	400,394	339,441	60,953
Other Salaries for Instruction	280,117	-	280,117	219,088	61,029
Purchased Professional-Educational Services	284,552	-	284,552	284,552	-
General Supplies	3,700	(500)	3,200	666	2,534
Other Objects	1,800	-	1,800	1,610	190
Total Cognitive - Severe	1,044,916	(74,853)	970,063	845,357	124,706
Total Special Education - Instruction	8,957,001	(213,893)	8,743,108	7,940,595	802,513
Other Instructional Programs - Instruction					
Salaries	575,205	74,353	649,558	617,637	31,921
Supplies and Materials	26,143	500	26,643	12,010	14,633
Other Objects	3,000	-	3,000	1,500	1,500
Total Other Instructional Programs - Instruction	604,348	74,853	679,201	631,147	48,054

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Community Service Programs/Operations					
Salaries	89,458	-	89,458	82,383	7,075
Purchased Services	1,850	-	1,850	717	1,133
Supplies and Materials	1,094	-	1,094	-	1,094
Other Objects	750	-	750	-	750
Total Community Service Programs/Operations	93,152	-	93,152	83,100	10,052
Total Instruction	9,654,501	(139,040)	9,515,461	8,654,842	860,619
Undistributed Expenditures - Health Services:					
Salaries	357,397	-	357,397	352,316	5,081
Purchased Professional and Technical Services	193,405	-	193,405	129,443	63,962
Supplies and Materials	13,892	-	13,892	9,132	4,760
Other Objects	6,054	-	6,054	1,910	4,144
Total Undistributed Expenditures - Health Services	570,748	-	570,748	492,801	77,947
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	794,320	(42,221)	752,099	748,246	3,853
Supplies and Materials	9,427	1,900	11,327	6,598	4,729
Total Undistributed Expenditures - Other Support Services - Students - Related Services	803,747	(40,321)	763,426	754,844	8,582
Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:					
Salaries	528,128	81,705	609,833	527,361	82,472
Purchased Professional - Educational Services	5,810	5,100	10,910	5,760	5,150
Supplies and Materials	5,888	-	5,888	3,433	2,455
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:	539,826	86,805	626,631	536,554	90,077

Atlantic County Special Services School District
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 Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Other Support Services -					
Students - Special Services:					
Salaries of Other Professional Staff	701,911	90,051	791,962	791,428	534
Salaries of Secretarial and Clerical Assistants	157,884	(18,001)	139,883	122,422	17,461
Other Purchased Services	12,526	-	12,526	2,772	9,754
Supplies and Materials	11,271	-	11,271	2,693	8,578
Other Objects	40,000	-	40,000	12,079	27,921
Total Undistributed Expenditures - Improv. of Instr. Services	923,592	72,050	995,642	931,394	64,248
Undistributed Expenditures - Educational Media Serv./Sch. Library					
Salaries	6,000	-	6,000	3,392	2,608
Purchased Professional and Technical Services	5,000	-	5,000	5,000	-
Other Purchased Services	1,278	-	1,278	1,276	2
Supplies and Materials	4,983	5,693	10,676	10,076	600
Total Undistributed Expenditures -Edu. Media Serv/Sch Library	17,261	5,693	22,954	19,744	3,210
Undistributed Expenditures - Instructional Staff Training Services					
Purchased Professional - Educational Services	9,600	-	9,600	9,340	260
Supplies and Materials	18,681	-	18,681	12,888	5,793
Total Undistributed Expenditures -Instructional Staff Training Services	28,281	-	28,281	22,228	6,053
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	197,540	6,081	203,621	188,735	14,886
Legal Services	36,000	-	36,000	26,434	9,566
Audit Fees	19,000	-	19,000	19,000	-
Other Purchased Professional Services	7,200	-	7,200	-	7,200
Communications/Telephone	73,000	(6,081)	66,919	41,848	25,071

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Board of Education Other Purchased Services	2,500	-	2,500	756	1,744
Other Purchased Services	69,500	-	69,500	59,074	10,426
General Supplies	12,500	-	12,500	10,922	1,578
BOE In-House Training/Meeting Supplies	3,600	-	3,600	1,840	1,760
Miscellaneous Expenditures	4,900	-	4,900	2,500	2,400
BOE Membership Dues and Fees	5,900	-	5,900	5,900	-
Total Undistributed Expenditures - Support Services - Gen. Admin.	431,640	-	431,640	357,009	74,631
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	384,107	48,101	432,208	432,208	-
Salaries of Secretarial and Clerical Assistants	220,977	-	220,977	220,977	-
Other Salaries	27,400	-	27,400	22,619	4,781
Other Purchased Services	19,801	-	19,801	5,759	14,042
Supplies and Materials	20,200	-	20,200	9,929	10,271
Other Objects	4,675	-	4,675	3,408	1,267
Total Undistributed Expenditures - Support Serv. - School Admin.	677,160	48,101	725,261	694,900	30,361
Undistributed Expenditures - Central Services					
Salaries	569,353	-	569,353	551,160	18,193
Purchased Professional Services	31,950	-	31,950	20,513	11,437
Miscellaneous Purchased Services	25,500	-	25,500	15,426	10,074
Supplies and Materials	24,300	-	24,300	22,727	1,573
Miscellaneous Expenses	2,500	-	2,500	1,893	607
Total Undistributed Expenditures - Central Services	653,603	-	653,603	611,719	41,884
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	57,640	-	57,640	57,640	-
Total Undistributed Expenditures - Admin. Info. Tech.	57,640	-	57,640	57,640	-

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Required Maintenance for School Facilities of Plant Services:					
Salaries	345,235	-	345,235	333,249	11,986
Cleaning, Repair and Maintenance Services	168,515	25,999	194,514	191,501	3,013
General Supplies	100,196	-	100,196	92,166	8,030
Other Objects	12,249	-	12,249	12,249	-
Total Undistributed Expenditures - Required Maintenance for School Facilities	626,195	25,999	652,194	629,165	23,029
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	308,061	-	308,061	297,140	10,921
Purchased Professional and Technical Services	89,928	-	89,928	83,658	6,270
Cleaning, Repair, and Maintenance Services	76,160	5,000	81,160	69,770	11,390
Other Purchased Property Services	45,112	(11,308)	33,804	25,671	8,133
General Supplies	33,943	-	33,943	27,886	6,057
Energy (Heat and Electricity)	385,875	34,308	420,183	420,043	140
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	939,079	28,000	967,079	924,168	42,911
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other than Between Home and School) - Vendors	46,000	-	46,000	30,726	15,274
Other Objects	7,757	-	7,757	5,850	1,907
Total Undistributed Expenditures - Student Transportation Serv.	53,757	-	53,757	36,576	17,181

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Special Programs - Instruction - Employee Benefits					
Unemployment Compensation	20,300	-	20,300	-	20,300
Workmen's Compensation	83,889	-	83,889	83,203	686
Health Benefits	2,187,986	(156,830)	2,031,156	1,922,052	109,104
Tuition Reimbursement	41,100	-	41,100	26,343	14,757
Other Employee Benefits	10,000	796	10,796	7,656	3,140
Total Special Programs - Instruction - Employee Benefits	2,343,275	(156,034)	2,187,241	2,039,254	147,987
Other Instructional Programs - Instruction - Employee Benefits					
Workmen's Compensation	6,255	-	6,255	6,255	-
Health Benefits	95,277	6,171	101,448	72,380	29,068
Total Other Instructional Programs - Instruction - Employee Benefits	101,532	6,171	107,703	78,635	29,068
Community Services Program/Operations - Employee Benefits					
Workmen's Compensation	957	-	957	957	-
Health Benefits	16,201	-	16,201	14,104	2,097
Total Community Services Program/Operations - Employee Benefits	17,158	-	17,158	15,061	2,097
Health Services - Employee Benefits					
Workmen's Compensation	3,454	-	3,454	3,454	-
Health Benefits	64,214	-	64,214	49,678	14,536
Total Health Services - Employee Benefits	67,668	-	67,668	53,132	14,536
Other Support Serv. - Students - Related Services - Employee Benefits					
Workmen's Compensation	8,117	-	8,117	8,117	-
Health Benefits	146,746	(12,694)	134,052	134,048	4
Total Other Support Serv. - Students - Related Svcs. - Employee Benefits	154,863	(12,694)	142,169	142,165	4

**Atlantic County Special Services School District
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Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2009**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Other Support Serv. - Students - Extra. Services - Employee Benefits					
Workmen's Compensation	6,618	-	6,618	6,618	-
Health Benefits	143,618	(5,100)	138,518	129,235	9,283
Total Other Support Serv. - Students - Extra. Svcs. - Employee Benefits	150,236	(5,100)	145,136	135,853	9,283
Other Support Serv. - Students - Special - Employee Benefits					
Workmen's Compensation	11,684	-	11,684	11,684	-
Health Benefits	183,105	-	183,105	157,045	26,060
Total Other Support Serv. - Students - Special - Employee Benefits	194,789	-	194,789	168,729	26,060
Educational Media Services - School Library - Employee Benefits					
Workmen's Compensation	55	-	55	55	-
Total Educational Media Services - School Library - Employee Benefits	55	-	55	55	-
Support Services - General Administration - Employee Benefits					
Workmen's Compensation	1,988	-	1,988	1,988	-
Health Benefits	22,736	2,336	25,072	24,901	171
Total Support Services - General Administration - Employee Benefits	24,724	2,336	27,060	26,889	171
Support Services - School Administration - Employee Benefits					
Workmen's Compensation	8,011	-	8,011	8,011	-
Health Benefits	128,812	-	128,812	109,608	19,204
Total Support Services - School Administration - Employee Benefits	136,823	-	136,823	117,619	19,204
Support Services - Central Administration - Employee Benefits					
Workmen's Compensation	6,897	-	6,897	6,897	-
Health Benefits	148,476	(22,336)	126,140	122,230	3,910
Total Support Services - Central Administration - Employee Benefits	155,373	(22,336)	133,037	129,127	3,910

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Support Services - Admin. Info. Tech. - Employee Benefits					
Workmen's compensation	473	-	473	473	-
Health Benefits	15,999	-	15,999	15,416	583
Total Support Services - Admin. Info. Tech. - Employee Benefits	16,472	-	16,472	15,889	583
Operation and Maintenance of Plant Services - Employee Benefits					
Workmen's Compensation	38,494	-	38,494	38,494	-
Health Benefits	198,772	10,500	209,272	203,239	6,033
Total Operation and Maintenance of Plant Services - Employee Benefits	237,266	10,500	247,766	241,733	6,033
Total Allocated Benefits	3,600,234	(177,157)	3,423,077	3,164,141	258,936
Unallocated Benefits:					
Social Security Contributions	418,000	7,839	425,839	425,839	-
Other Retirement Contributions	264,889	89,870	354,759	354,759	-
Worker's Compensation	104,757	(7,839)	96,918	84,757	12,161
Total Unallocated Benefits	787,646	89,870	877,516	865,355	12,161
Reimbursed TPAF Social Security Contributions (non-budgeted)					
On-behalf TPAF Contributions (non-budgeted)					
Total On-behalf Contributions	-	-	-	1,120,340	(1,120,340)
Total Undistributed Expenditures	10,710,409	139,040	10,849,449	11,218,578	(369,129)
Total Current Expense	20,364,910	-	20,364,910	19,873,420	491,490

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Interest Earned on Capital Reserve	1,020	-	1,020	232	788
Equipment:					
Multiple Disabilities	25,000	-	25,000	24,691	309
Undistributed Expenditures:					
Instruction	30,000	-	30,000	15,084	14,916
Support Services - Instructional Support Services	5,000	-	5,000	2,909	2,091
School Administration	12,100	-	12,100	-	12,100
Central Services	17,500	-	17,500	-	17,500
Operation & Maintenance of Plant Services	15,000	-	15,000	13,345	1,655
Total Equipment	105,620	-	105,620	56,261	49,359
Facilities Acquisition and Construction Services:					
Legal Services	5,000	-	5,000	440	4,560
Land and Improvements	10,000	-	10,000	-	10,000
Total Facilities Acquisition and Construction Services	15,000	-	15,000	440	14,560
Total Capital Outlay	120,620	-	120,620	56,701	63,919
Total Expenditures	20,485,530	-	20,485,530	19,930,121	555,409

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	(361,750)	-	(361,750)	2,196,352	2,558,102
Other Financing Sources (Uses):					
Cancellation of Prior Year Payables				7,114	7,114
Increase in Capital Reserve				100,000	100,000
Transfer to Capital Reserve				(100,000)	(100,000)
Operating Transfers Out:					
Transfer to Food Service Fund - Board Contribution	(117,503)	-	(117,503)	(117,503)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(479,253)	-	(479,253)	2,085,963	2,565,216
Fund Balances, July 1	2,051,725		2,051,725	2,051,725	-
Fund Balances, June 30	\$ 1,572,472	-	1,572,472	4,137,688	2,565,216
Recapitulation of Fund Balance:					
Reserve for Encumbrances				1,749	
Capital Reserve				131,287	
Emergency Reserve				56,749	
Designated for Subsequent Year's Expenditures				981,000	
Unrestricted Fund Balance				2,966,903	
				4,137,688	
Reconciliation to Governmental Funds Statements (GAAP)					
Last State Aid Payment Not Recognized on GAAP Basis				-	
Fund Balance per Governmental Funds (GAAP)				4,137,688	

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	\$ -	-	-	-	-
Total - Local Sources	-	-	-	-	-
State Sources:					
Other Restricted Entitlements	507,000	(276,833)	230,167	220,357	(9,810)
Total - State Sources	507,000	(276,833)	230,167	220,357	(9,810)
Federal Sources:					
IDEA - Part B	-	157,881	157,881	40,340	(117,541)
Total - Federal Sources	-	157,881	157,881	40,340	(117,541)
Total Revenues	507,000	(118,952)	388,048	260,697	(127,351)

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction					
Salaries of Teachers	507,000	(332,073)	174,927	166,415	8,512
Purchased Prof and Educational Services		24,449	24,449	22,152	2,297
Other purchased Services (400-500 series)		1,142	1,142	997	145
General Supplies		46,018	46,018	892	45,126
Total instruction	507,000	(260,464)	246,536	190,456	56,080
Support Services					
Salaries of Supervisors of Instruction		4,000	4,000	4,000	-
Other Salaries		17,513	17,513	17,488	25
Personal Services - Employee Benefits		47,115	47,115	41,054	6,061
Purchased Technical Services		20,765	20,765	75	20,690
Other Objects		11,984	11,984	7,624	4,360
Total support services	-	101,377	101,377	70,241	31,136
Facilities acquisition and construction services:					
Instructional Equipment		40,135	40,135	-	40,135
Total facilities acquisition and construction services	-	40,135	40,135	-	40,135
Total expenditures	507,000	(118,952)	388,048	260,697	127,351
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	-	-	-	-

ATLANTIC COUNTY SPRECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2009

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

		General Fund	Special Revenue
Sources/inflows of resources			
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	C-1; C-2	\$ 22,126,473	260,697
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			
Prior year			388
Current year			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	22,126,473	261,085
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-2	19,930,121	260,697
Differences - budget to GAAP:			
Encumbrances for supplies and equipment ordered but 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			388
Current year			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to enterprise fund.			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$ 19,930,121	261,085

SPECIAL REVENUE FUND

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	NJ Auxiliary Handicapped Services Ch. 192	New Jersey Nonpublic Handicapped Services Ch. 193			Total 2009
	Compensatory Education	Examination & Classification	Corrective Speech	Supplemental Instruction	IDEA Part B
REVENUES:					
State Sources	\$ 124,615	49,793	4,650	41,299	40,340
Federal Sources					220,357
Other Sources					40,340
Total revenues	<u>124,615</u>	<u>49,793</u>	<u>4,650</u>	<u>41,299</u>	<u>260,697</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	92,703	14,103	3,887	34,227	25,382
Purchased Prof and Educational Services		18,265			22,152
Other purchased services	707			290	997
General supplies	380	74		388	892
Other Objects					-
Total instruction	<u>93,790</u>	<u>32,442</u>	<u>3,887</u>	<u>34,905</u>	<u>25,432</u>
Support services:					
Salaries of supervisors of instruction					4,000
Salaries of clerical	8,394	8,569	525		17,488
Personal services- employee benefits	17,625	5,964	238	6,394	41,054
Purchased Technical Services					75
Other Objects	4,806	2,818			7,624
Total support services	<u>30,825</u>	<u>17,351</u>	<u>763</u>	<u>6,394</u>	<u>14,908</u>
Facilities acquisition and const. serv.:					
Instructional equipment					-
Noninstructional equipment					-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 124,615</u>	<u>49,793</u>	<u>4,650</u>	<u>41,299</u>	<u>40,340</u>

CAPITAL PROJECTS FUND

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment other than those financed by proprietary funds.

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2009

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP		Unexpended Appropriations 6/30/2009
			Expenditures to Date Prior Years	Current Year	
New School	6/27/2000	\$ 24,685,000	24,641,349	38,349	5,302
Totals		\$ 24,685,000	24,641,349	38,349	5,302

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2009

Revenue and Other Financing Sources

State Sources - SCC	\$	
Bond proceeds and transfers		
Transfer from capital outlay		
Contributed Services		-
Total revenues		-

Expenditures and Other Financing Uses

Purchased professional and technical services		
Construction services		38,349
Total expenditures		38,349
Excess (deficiency) of revenues over (under) expenditures		(38,349)
Fund balance- beginning		43,651
Fund balance - ending	\$	5,302

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
New School
From Inception and for the Year Ended June 30, 2009

	Prior Periods	Current Period	Totals	Revised Authorized Cost
Revenue and Other Financing Sources				
State Sources - SCC	\$ 9,600,000		9,600,000	9,600,000
Bond proceeds and transfers	14,550,000		14,550,000	14,550,000
Contributed Services	535,000		535,000	535,000
Total revenues	<u>24,685,000</u>	<u>-</u>	<u>24,685,000</u>	<u>24,685,000</u>
Expenditures and Other Financing Uses				
Construction services	24,641,349	38,349	24,679,698	24,685,000
Total expenditures	<u>24,641,349</u>	<u>38,349</u>	<u>24,679,698</u>	<u>24,685,000</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>43,651</u>	<u>(38,349)</u>	<u>5,302</u>	<u>-</u>

Additional project information:

Project Number	SP #99489
Grant Date	December 10, 2001
Bonds Authorization Date	June 27, 2000
Bonds Authorized	June 27, 2000
Bonds Issued	October 1, 2000
Original Authorized Cost	\$ 24,000,000
Additional Authorized Cost	\$ 1,220,669
Revised Authorized Cost	\$ 25,220,669

Percentage Increase over Original Authorized Cost	5%
Percentage completion	100%
Original target completion date	July 1, 2003
Revised target completion date	June 30, 2009

PROPRIETARY FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Schools to Careers Fund - This fund represents activities in a non-traditional community based system that ensures appropriate employment to our graduates.

Harbor Fields Fund - This fund represents an agreement with Atlantic County to provide educational services for the county juvenile detention center.

Itinerant Services Fund - The District has entered into an agreement with various school districts within the County to provide onsite therapeutic intervention for occupational, physical and/or speech therapy.

Child Study Team Fund - The District has entered into an agreement with various districts within the County to provide Child Study Team services for the reevaluation of the classification in accordance with N.J.A.C. 6:28-3.7

State Programs Fund - This fund represents contracts with the State of New Jersey, Juvenile Justice Commission and the County of Atlantic for the provision of educational programs and services.

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Non-major Enterprise Funds
Combining Statement of Net Assets
June 30, 2009

	School to Careers	Harborfields	Itinerant Services	Child Study Team	State Programs	Total Non-major Funds
ASSETS:						
Cash and cash equivalents	\$ 1,545	68,019		60,310	9,793	139,667
Accounts Receivable:						
Other	32,668	154,852	20,220	4,074	31,942	243,756
Total Current Assets	<u>34,213</u>	<u>222,871</u>	<u>20,220</u>	<u>64,384</u>	<u>41,735</u>	<u>383,423</u>
Total assets	<u>34,213</u>	<u>222,871</u>	<u>20,220</u>	<u>64,384</u>	<u>41,735</u>	<u>383,423</u>
LIABILITIES AND FUND EQUITY:						
Current liabilities:						
Accounts payable		5,547	4,016			9,563
Interfund payable	40,477		50,741			91,218
Total liabilities	<u>40,477</u>	<u>5,547</u>	<u>54,757</u>	<u>-</u>	<u>-</u>	<u>100,781</u>
Net Assets						
Unrestricted	(6,264)	217,324	(34,537)	64,384	41,735	282,642
Total net assets	<u>(6,264)</u>	<u>217,324</u>	<u>(34,537)</u>	<u>64,384</u>	<u>41,735</u>	<u>282,642</u>
Total liabilities and fund equity	<u>\$ 34,213</u>	<u>222,871</u>	<u>20,220</u>	<u>64,384</u>	<u>41,735</u>	<u>383,423</u>

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Non-major Proprietary Funds
 For the Year Ended June 30 2009

	Business-type Activities - Enterprise Fund						Total Non-major Funds
	School to Careers	Harborfields	Itinerant Services	Child Study Team	State Programs		
Operating revenues:							
Charges for services:							
Fee for Service	\$ 37,024		259,413	10,454	130,028		436,919
County Aid Payments		348,064					348,064
Total operating revenues	<u>37,024</u>	<u>348,064</u>	<u>259,413</u>	<u>10,454</u>	<u>130,028</u>		<u>784,983</u>
Operating expenses:							
Salaries	40,312	328,117	286,972		90,534		745,935
Employee Benefits	1,969	52,517	75,143		33,811		163,440
Travel		2,494	1,107				3,601
General Supplies		2,669			1,405		4,074
General Administration		7,908			3,680		11,588
Total Operating Expenses	<u>42,281</u>	<u>393,705</u>	<u>363,222</u>	<u>-</u>	<u>129,430</u>		<u>928,638</u>
Operating income (loss)	<u>(5,257)</u>	<u>(45,641)</u>	<u>(103,809)</u>	<u>10,454</u>	<u>598</u>		<u>(143,655)</u>
Income (loss) before contributions & transfers							
Capital contributions							
Transfers in (out)							
Change in net assets							
Total net assets—beginning	(5,257)	(45,641)	(103,809)	10,454	598		(143,655)
Total net assets—ending	<u>(1,007)</u>	<u>262,965</u>	<u>69,272</u>	<u>53,930</u>	<u>41,137</u>		<u>426,297</u>
	<u>\$ (6,264)</u>	<u>217,324</u>	<u>(34,537)</u>	<u>64,384</u>	<u>41,735</u>		<u>282,642</u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Cash Flows
Non-major Proprietary Funds
For the Year Ended June 30, 2009

Business-type Activities -
Enterprise Funds

	School to Careers	Harborfields	Itinerant Services	Child Study Team	State Programs	Total Non-major Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 43,826	350,686	273,622	9,405	141,272	818,811
Payments for salaries	(40,312)	(328,117)	(286,972)		(90,534)	(745,935)
Payments for benefits	(1,969)	(52,517)	(75,143)		(33,811)	(163,440)
Other costs		(8,568)	(1,195)		(10,480)	(20,243)
Net cash provided by/(used for) operating activities	<u>1,545</u>	<u>(38,516)</u>	<u>(89,688)</u>	<u>9,405</u>	<u>6,447</u>	<u>(110,807)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
State Sources						-
Federal Sources						-
Operating subsidies and transfers from/(to) other funds			50,741			50,741
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>50,741</u>	<u>-</u>	<u>-</u>	<u>50,741</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets						-
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends					-	-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	1,545	(38,516)	(38,947)	9,405	6,447	(60,066)
Balances—beginning of year	-	106,535	38,947	50,905	3,346	199,733
Balances—end of year	<u>1,545</u>	<u>68,019</u>	<u>-</u>	<u>60,310</u>	<u>9,793</u>	<u>139,667</u>
Reconciliation of operating income (loss) to net cash provided						
(used) by operating activities:						
Operating income (loss)	(5,257)	(45,641)	(103,809)	10,454	598	(143,655)
Adjustments to reconcile operating income (loss) to net cash provided by/(used for) operating activities						
(Increase)/Decrease in accounts receivable, net	6,802	2,622	10,193	(1,049)	11,244	29,812
Increase/(decrease) in accounts payable		4,503	3,928		(5,395)	3,036
Total adjustments	<u>6,802</u>	<u>7,125</u>	<u>14,121</u>	<u>(1,049)</u>	<u>5,849</u>	<u>32,848</u>
Net cash provided by (used for) operating activities	<u>\$ 1,545</u>	<u>(38,516)</u>	<u>(89,688)</u>	<u>9,405</u>	<u>6,447</u>	<u>(110,807)</u>

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Unemployment Trust Fund - This fund provides for the accumulation of funds to pay the quarterly contributions due to the State of New Jersey.

Student Activity Fund This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Trust and Agency Fund
Combining Balance Sheet
June 30, 2009

	Trust Funds	Agency		
	Expendable	Student	Payroll	Totals
	Unemployment	Activity		
ASSETS:				
Cash and cash equivalents	\$ 72,961	80,073	2,235	155,269
Total Assets	<u>72,961</u>	<u>80,073</u>	<u>2,235</u>	<u>155,269</u>
LIABILITIES AND EQUITY:				
Liabilities:				
Due to General Fund			2,235	2,235
Due to State of New Jersey	5,575			5,575
Due to student groups		80,073		80,073
Total Liabilities	<u>5,575</u>	<u>80,073</u>	<u>2,235</u>	<u>87,883</u>
Equity:				
Net Assets				
Reserved -				
Expendable Trust	67,386			67,386
Total equity	<u>67,386</u>	<u>-</u>	<u>-</u>	<u>67,386</u>
Total liabilities and equity	<u>\$ 72,961</u>	<u>80,073</u>	<u>2,235</u>	<u>155,269</u>

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Expendable Trust Funds
Combining Statement of Revenues, Expenditures
and Changes in Net Assets
Year Ending June 30, 2009

	<u>Unemployment Trust</u>	<u>Total Expendable Trust</u>
ADDITIONS		
Local sources:		
Interest on investments	\$ 403	403
Employee withholdings	50,336	50,336
	<u>50,739</u>	<u>50,739</u>
Total additions	<u>50,739</u>	<u>50,739</u>
DEDUCTIONS		
Payments of unemployment claims	39,841	39,841
Miscellaneous	1,428	1,428
	<u>41,269</u>	<u>41,269</u>
Total operating expenses	<u>41,269</u>	<u>41,269</u>
Change in net assets	<u>9,470</u>	<u>9,470</u>
Net Assets, July 1	<u>57,916</u>	<u>57,916</u>
Net Assets, June 30	<u>\$ 67,386</u>	<u>67,386</u>

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2009

	<u>Balance</u>		<u>Deletions</u>	<u>Balance</u>
	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>
ASSETS:				
Cash and cash equivalents	\$ 71,160	44,734	35,821	80,073
Total assets	<u>71,160</u>	<u>44,734</u>	<u>35,821</u>	<u>80,073</u>
LIABILITIES:				
Due to Student groups	71,160	44,734	35,821	80,073
Total liabilities	<u>\$ 71,160</u>	<u>44,734</u>	<u>35,821</u>	<u>80,073</u>

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Payroll Agency Fund
Statement of Changes in Assets and Liabilities
For the Fiscal Year ended June 30, 2009

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
ASSETS:				
Cash and cash equivalents	\$ 7,491	7,958,336	7,963,592	2,235
Total assets	<u>7,491</u>	<u>7,958,336</u>	<u>7,963,592</u>	<u>2,235</u>
LIABILITIES:				
Due to General Fund	6,027		3,792	2,235
Due to Unemployment Trust	1,464		1,464	-
Payroll deductions and withholdings		7,958,336	7,958,336	-
Total liabilities	<u>\$ 7,491</u>	<u>7,958,336</u>	<u>7,963,592</u>	<u>2,235</u>

Statistical Section

Governmental Accounting Standards Board (GASB) requires 10 years of statistical information to be included in the CAFR. Effective with the fiscal year ended June 30, 2003, the District's financial statements are presented in accordance with GASB 34. As a result, 10 years of information may not be available to report.

Atlantic County Special Services School District
Net Assets by Component,
Last Seven Fiscal Years
Unaudited

	Fiscal Year Ending June 30,						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	\$ 24,032,848	27,604,500	27,360,252	26,832,193	26,168,488	25,881,453	25,095,099
Restricted	355,646	307,656	157,332	955,931	31,812	91,657	189,785
Unrestricted	2,210,847	2,566,316	2,787,499	1,827,395	2,731,409	1,400,018	3,433,760
Total governmental activities net asset	26,599,341	30,478,472	30,305,083	29,615,519	28,931,709	27,373,128	28,718,644
Business-type activities							
Invested in capital assets, net of related debt	708,669	2,063,241	1,804,238	1,468,824	1,370,104	1,310,824	1,282,907
Restricted	840,101	624,616	597,623	1,389,604			
Unrestricted	-	-	-	-	2,482,583	3,514,536	4,002,781
Total business-type activities net assets (as restated)	1,548,770	2,687,857	2,401,861	2,858,428	3,852,687	4,825,360	5,285,688
District-wide							
Invested in capital assets, net of related debt	24,741,517	29,667,741	29,164,490	28,301,017	27,538,592	27,192,277	26,378,006
Restricted	1,195,747	932,272	754,955	2,345,535	31,812	91,657	189,785
Unrestricted	2,210,847	2,566,316	2,787,499	1,827,395	5,213,992	4,914,554	7,436,541
Total district net assets (as restated)	\$ 28,148,111	33,166,329	32,706,944	32,473,947	32,784,396	32,198,488	34,004,332

The District converted to GASB 34 effective with the fiscal year ended June 30, 2003. Based on this, only seven years of information is presented.

Source: CAFR Schedule A-1

Atlantic County Special Services School District
Changes in Net Assets, Last Seven Fiscal Years
Unaudited

	Fiscal Year Ending June 30,						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities							
Instruction							
Other special education	\$ 9,304,895	9,140,777	9,943,597	10,225,318	11,605,225	12,178,605	11,357,883
Other instruction	720,451	750,387	786,832	828,315	829,755	837,669	997,651
Support Services:							
Student & instruction related services	3,220,836	3,555,280	3,615,080	3,593,111	3,877,206	3,996,715	3,949,841
General administrative services	1,069,819	1,053,223	1,100,890	1,262,042	1,468,481	1,526,928	1,433,617
School administrative services	813,517	799,312	868,122	883,176	936,755	899,442	970,627
Plant operations and maintenance	1,578,590	3,559,862	2,253,149	2,518,188	2,058,520	2,044,254	2,169,675
Pupil transportation	70,812	26,767	36,344	49,498	80,109	46,257	51,088
Capital Outlay					13,932	2,443	232
Total governmental activities expenses	<u>16,778,920</u>	<u>18,885,608</u>	<u>18,604,014</u>	<u>19,359,648</u>	<u>20,859,983</u>	<u>21,532,313</u>	<u>20,930,614</u>
Business-type activities:							
Food service	406,736	611,816	623,917	632,269	643,922	674,572	663,687
Transportation	4,133,007	4,562,390	4,765,543	4,896,803	6,448,539	6,971,980	7,109,580
Teachers Aide Services					1,549,906	1,432,445	2,276,341
Other	3,439,313	4,206,992	4,279,220	4,105,467	821,645	857,809	928,638
Total business-type activities expense	<u>7,979,056</u>	<u>9,381,198</u>	<u>9,668,680</u>	<u>9,634,539</u>	<u>9,464,012</u>	<u>9,936,806</u>	<u>10,978,246</u>
Total district expense:	<u>24,757,976</u>	<u>28,266,806</u>	<u>28,272,694</u>	<u>28,994,187</u>	<u>30,333,995</u>	<u>31,469,119</u>	<u>31,908,860</u>
Program Revenues							
Governmental activities:							
Charges for services:							
Instruction (tuition)	13,384,306	14,764,215	15,146,959	15,608,045	16,472,680	15,603,048	18,841,028
Operating grants and contributions	775,044	680,813	710,088	801,462	267,387	311,074	261,085
Total governmental activities program revenues	<u>14,159,350</u>	<u>15,445,028</u>	<u>15,857,047</u>	<u>16,409,507</u>	<u>16,740,067</u>	<u>15,914,122</u>	<u>19,102,113</u>
Business-type activities:							
Charges for services:							
Food service	57,231	168,035	253,566	244,643	255,956	265,261	266,283
Transportation	3,902,287	3,623,946	4,090,338	4,980,494	6,936,288	7,260,097	7,695,337
Teachers Aide Services					2,054,005	2,137,523	2,301,864
Other	3,711,370	4,488,548	4,660,801	4,546,736	849,697	926,849	784,983
Operating grants and contributions	204,023	219,662	209,893	229,233	203,712	211,948	235,253
Total business type activities program revenues	<u>7,874,911</u>	<u>8,500,191</u>	<u>9,214,598</u>	<u>10,001,106</u>	<u>10,239,658</u>	<u>10,801,678</u>	<u>11,284,230</u>
Total district program revenue:	<u>22,034,261</u>	<u>23,945,219</u>	<u>25,071,645</u>	<u>26,410,613</u>	<u>27,039,725</u>	<u>26,715,800</u>	<u>30,386,343</u>

**Atlantic County Special Services School District
Changes in Net Assets, Last Seven Fiscal Years
Unaudited**

	Fiscal Year Ending June 30,						
	2003	2004	2005	2006	2007	2008	2009
Net (Expense)/Revenue							
Governmental activities	(2,619,570)	(3,440,580)	(2,746,967)	(2,950,141)	(4,129,916)	(5,618,191)	(1,828,501)
Business-type activities	(104,145)	(881,007)	(454,082)	366,567	835,646	864,872	305,984
Total district-wide net expense	<u>(2,723,715)</u>	<u>(4,321,587)</u>	<u>(3,201,049)</u>	<u>(2,583,574)</u>	<u>(3,294,270)</u>	<u>(4,753,319)</u>	<u>(1,522,517)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes levied for general purposes, net	1,696,000	1,746,880	1,746,880	1,800,000	1,854,000	1,920,000	1,980,000
Federal & State Aid - not restricted					1,472,193	1,471,192	1,219,541
Investment earnings	80,191	27,712					
Miscellaneous income	389,286	572,919	916,662	550,574	218,813	224,737	85,904
Transfers	71,035		(90,000)	(90,000)	(98,900)	(107,801)	(117,503)
Contributed Services						535,000	
Cancellation of Prior Year Payables						17,017	7,114
Loss on the Disposal of Fixed Assets						(535)	(1,039)
Total governmental activities	<u>2,236,512</u>	<u>2,347,511</u>	<u>2,573,542</u>	<u>2,260,574</u>	<u>3,446,106</u>	<u>4,059,610</u>	<u>3,174,017</u>
Business-type activities:							
Miscellaneous income	244,547	247,724	78,086	90,000	98,900	107,801	36,841
Transfers	(71,035)	90,000	90,000	90,000	98,900	107,801	117,503
Total business-type activities	<u>173,512</u>	<u>337,724</u>	<u>168,086</u>	<u>90,000</u>	<u>98,900</u>	<u>107,801</u>	<u>154,344</u>
Total district-wide	<u>2,410,024</u>	<u>2,685,235</u>	<u>2,741,628</u>	<u>2,350,574</u>	<u>3,545,006</u>	<u>4,167,411</u>	<u>3,328,361</u>
Change in Net Assets							
Governmental activities	(383,058)	(1,093,069)	(173,425)	(689,567)	(683,810)	(1,558,581)	1,345,516
Business-type activities	69,367	(543,283)	(285,996)	456,567	934,546	972,673	460,328
Total district	<u>\$ (313,691)</u>	<u>(1,636,352)</u>	<u>(459,421)</u>	<u>(233,000)</u>	<u>250,736</u>	<u>(585,908)</u>	<u>1,805,844</u>

The District converted to GASB 34 effective with the fiscal year ended June 30, 2003. Based on this, only seven years of information is presented.

Source: CAFR Schedule A-2

**Atlantic County Special Services School District
Fund Balances, Governmental Funds,
Last Seven Fiscal Years
Unaudited**

	Fiscal Year Ending June 30,						
	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	\$ 192,150	777,411	313,019	739,139	30,866	91,657	189,785
Unreserved	2,610,810	2,309,594	3,094,651	2,413,589	3,403,738	1,960,068	3,947,903
Total general fund	<u>2,802,960</u>	<u>3,087,005</u>	<u>3,407,670</u>	<u>3,152,728</u>	<u>3,434,604</u>	<u>2,051,725</u>	<u>4,137,688</u>
All Other Governmental Funds							
Unreserved, reported in:							
Capital projects fund	328,496	280,245	129,317	216,792	57,097	43,651	5,302
Total all other governmental fund	<u>\$ 328,496</u>	<u>280,245</u>	<u>129,317</u>	<u>216,792</u>	<u>57,097</u>	<u>43,651</u>	<u>5,302</u>

The District converted to GASB 34 effective with the fiscal year ended June 30, 2003. Based on this, only seven years of information is presented.

Source: CAFR Schedule B-1

**Atlantic County Special Services School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Tax levy	1,562,550	1,562,550	1,562,550	1,696,000	1,746,880	1,746,880	1,800,000	1,854,000	1,920,000	1,980,000
Tuition charges	10,581,714	11,378,187	11,223,610	13,384,306	14,764,215	15,146,959	15,608,045	16,472,680	15,603,048	18,663,965
Interest Earnings						608	399	240	1,451	232
Miscellaneous	328,577	289,377	262,307	469,476	600,630	644,507	525,506	256,282	266,354	262,735
State sources	648,225	711,531	655,263	598,918	612,648	692,070	780,679	1,536,806	1,593,192	1,340,697
Federal sources	231,613	369,774	725,937	176,126	68,165	18,017	20,783	164,119	146,006	139,929
Total revenue	13,352,679	14,311,419	14,429,667	16,324,826	17,792,538	18,249,041	18,735,412	20,284,127	19,530,051	22,387,558
Expenditures										
Instruction										
Other special instruction	4,794,917	5,460,690	5,933,519	7,201,461	7,006,573	7,356,264	7,531,542	8,106,420	8,660,639	8,131,439
Other instruction	427,089	444,297	449,812	551,663	568,770	581,703	601,031	579,596	595,696	714,247
Support Services:										
Student & instruction related services	2,081,806	1,943,492	2,245,358	2,564,670	2,782,495	2,686,137	2,665,728	2,708,285	2,842,206	2,827,806
General administrative services	417,070	385,018	371,318	443,664	458,072	378,923	387,956	406,760	400,707	357,009
School Administrative services	553,506	521,472	501,736	628,195	612,636	649,939	647,647	654,337	639,625	694,900
Business administrative services	312,806	303,479	326,390	435,272	400,945	571,736	612,504	618,996	685,146	669,359
Plant operations and maintenance	814,420	868,661	935,347	1,343,937	1,248,241	1,174,284	1,343,555	1,437,906	1,453,742	1,553,333
Pupil transportation	81,583	79,864	93,767	70,813	26,768	36,344	49,497	55,957	32,895	36,576
Unallocated employee benefits	2,204,693	2,946,886	2,465,818	3,295,408	3,672,037	4,135,849	4,524,885	5,217,429	5,449,594	5,149,836
Special Schools	247,404									
Capital outlay	810,405	24,646,021	700,238	605,799	780,207	418,068	448,563	278,306	610,342	95,050
Total expenditures	12,745,699	37,599,880	14,023,303	17,140,882	17,556,744	17,969,307	18,812,908	20,063,992	21,370,592	20,229,555
Excess (Deficiency) of revenues over (under) expenditures	606,980	(23,288,461)	406,364	(816,056)	235,794	259,734	(77,496)	220,135	(1,840,541)	2,158,003
Other Financing sources (uses)										
Bond referendium		24,000,000							535,000	7,114
Contributed Services									17,017	
Cancellation of Prior Year Payables										100,000
Increase in Capital Reserve										(100,000)
Transfer to Capital Reserve										
Transfers in										
Transfers out	(86,194)	(88,463)	200,650	356,685		(90,000)	(90,000)	(98,900)	(107,801)	(117,503)
Total other financing sources (uses)	(86,194)	23,911,537	(80,000)	(285,650)	-	(90,000)	(90,000)	(98,900)	444,216	(110,389)
Net change in fund balances	520,786	623,076	527,014	(745,021)	235,794	169,734	(167,496)	121,235	(1,396,325)	2,047,614
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: CAFR Schedule B-2

Atlantic County Special Services School District
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Tuition	Interest	Miscellaneous	Total
2000	10,581,714	124,466	137,551	10,843,731
2001	11,378,187	166,353	60,526	11,605,066
2002	11,223,610	24,392	131,110	11,379,112
2003	13,384,306	80,191	86,549	13,551,046
2004	14,764,215	27,712	255,623	15,047,550
2005	15,146,959	67,071	578,043	15,792,073
2006	15,608,045	135,744	390,161	16,133,950
2007	16,472,680	201,916	15,951	16,690,547
2008	15,603,048	162,861	61,876	15,827,785
2009	18,663,965	52,088	210,879	18,926,932

Source: District Records

Atlantic County Special Services School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Instruction	7	7	7	9	9	8	8	8	8	10
Regular	76	62	69	67	58	64	62	58	60	57
Special Education instruction	130	137	141	158	151	163	157	157	160	141
Other special education instruction	8	8	8	8	9	9	9	6	6	5
Other instruction	2	2	2	2	2	2	2	2	2	3
Nonpublic school programs										
Support Services:										
Student & instruction related services	40	45	45	46	47	47	48	46	43	44
General administrative services	4	4	4	4	4	2	2	2	2	2
School administrative services	9	9	9	9	9	9	9	9	10	10
Business administrative services	8	8	8	7	7	10	10	10	11	11
Plant operations and maintenance	10	10	11	13	11	10	11	16	16	17
Pupil transportation	134	141	124	120	107	120	123	125	127	126
Food Service	4	5	5	5	9	9	8	8	9	9
Total	432	438	433	448	423	453	449	447	454	435

Source: District Personnel Records

Atlantic County Special Services School District
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2000	510	12,360,619	24,237	3.42%	76	7.5:1	7.5:1	510	461	-2.49%	90.39%	
2001	533	13,520,946	25,368	4.67%	62	7.5:1	7.5:1	533	484	4.51%	90.81%	
2002	515	13,791,085	26,779	5.56%	69	8:1	8:1	515	472	-3.38%	91.65%	
2003	520	16,797,747	32,303	20.63%	67	9.3:1	9.3:1	520	478	0.97%	91.92%	
2004	512	17,187,198	33,569	3.92%	58	8.6:1	8.6:1	512	465	-1.54%	90.82%	
2005	508	17,528,535	34,505	2.79%	64	8.2:1	8.22:1	508	467	-0.78%	91.93%	
2006	485	18,737,306	38,634	11.97%	62	8:1	8:1	479	425	-5.71%	88.73%	
2007	470	19,785,686	42,097	8.97%	72	8:1	8:1	469	427	-2.09%	91.04%	
2008	467	20,760,250	44,454	5.60%	60	8:1	8:1	467	427	-0.43%	91.43%	
2009	500	20,134,505	40,269	-9.42%	67	8:1	8:1	490	440	4.93%	89.80%	

Sources: District records, ASSA and Schedules J-4

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).

**Atlantic County Special Services School District
School Building Information
Last Ten Fiscal Years
Unaudited**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>District Building</u>										
<u>Mays Landing Campus</u>										
Square Feet	55,000	55,000	55,000	55,000						
Capacity (students)	244	244	244	244						
Enrollment	259	265	248	271						
<u>Absecon Campus</u>										
Square Feet	14,500	14,500	14,500	14,500						
Capacity (students)	72	72	72	72						
Enrollment	120	129	135	129						
<u>Regional Day School Campus</u>										
Square Feet	13,500	13,500	13,500	13,500						
Capacity (students)	93	93	93	93						
Enrollment	52	51	51	51						
<u>Holstler Hall Corbin City Campus</u>										
Square Feet	7,400	7,400	7,400	7,400						
Capacity (students)	60	60	60	60						
Enrollment	79	88	80	70						
<u>Main Campus - Mays Landing (2003)</u>										
Square Feet					177,000	177,000	177,000	177,000	177,000	177,000
Capacity (students)					508	508	508	508	508	508
Enrollment					513	508	476	470	471	500
<u>Other Facilities</u>										
Administration										
Square Feet	5,225	5,225	5,225	5,225						
Transportation - Corbin City										
Square Feet	2,500	2,500	2,500	2,500						
Transportation - Mays Landing										
Square Feet					5,700	5,700	5,700	5,700	5,700	5,700
Number of Schools at June 30, 2009										
Main Campus = 1										
Other = 1										

Source: District records, ASSA

Atlantic County Special Services School District
General Fund
Schedule of Required Maintenance for School Facilities:
Last Eight Years
Unaudited

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

School Facilities	Project # (s)	2009	2008	2007	2006	2005	2004	2003	2002
Absecon Capus	N/A							111,757	87,008
Corbin City Campus	N/A							111,706	21,959
Regional Day Campus	N/A								78,868
Mays Landing Campus - Old	N/A							237,261	223,601
Mays Landing Campus - New	N/A	629,165	557,315	551,285	519,420	506,802	507,735		
Grand Total		\$ 629,165	557,315	551,285	519,420	506,802	507,735	460,724	411,436

Atlantic County Special Services School District

Insurance Schedule

June 30, 2009

Unaudited

	Coverage	Deductible
Property, Inland Marine & Automobile Physical Damage Limit of Liability - per occurrence	30,138,893	5,000
Public Official Bonds		
Treasurer of School Monies	225,000	
Public Agency Compliance Officer	75,000	
Comprehensive General Liability Coverage Limit	16,000,000	
Electronic Data Processing	487,000	1,000
Package Policy Crime Coverage	1,000,000	1,000
Board Member Accident		
Limit of Liability	100,000	
Aggregate	250,000	
Student Accident (Compulsory) Maximum Benefit	25,000	
Student Accident (Catastrophic) Maximum Benefit	5,000,000	25,000
Volunteer Accident Maximum Benefit	250,000	
Boiler and Machinery	100,000,000	5,000
Automobile Liability	16,000,000	
Standard Worker's Compensation & Employer's Liability Policy		
Workers Compensation-Coverage A	Statutory	
Employers' Liability Agreement-Coverage B	2,000,000	

Source: District Records.

Single Audit Section

**ALLIANCE OF
GOVERNMENTAL
AUDITORS, LLC**

PO Box 548, Mays Landing, NJ 08330
609-625-0999 FAX 609-625-2421

A JOINT VENTURE OF

SWARTZ & CO.,LLC &

TRACEY HEUN BRENNAN & CO. CPAs, PC

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

The Honorable President and
Members of the Board of Education
Atlantic County Special Services School District
County of Atlantic
Mays Landing, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Atlantic County Special Services School District in the County of Atlantic, State of New Jersey as of and for the year ended June 30, 2009, which collectively comprises the District's basic financial statements, and have issued our report thereon dated October 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board of Education of the Atlantic County Special Services School District's internal control over financial reporting as a basis for determining our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of education of the Atlantic County Special Services School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Atlantic County Special Services School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board of Education of the Atlantic County Special Services School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more

than a remote likelihood that a misstatement of the Board of Education of the Atlantic County Special Services School District's financial statements that is more than inconsequential will not be prevented or detected by the Board of Education of the Atlantic County Special Services School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board of Education of the Atlantic County Special Services School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to the Board of Education of the Atlantic County Special Services School District in the separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance dated October 2, 2009.

This report is intended solely for the information and use of the finance committee, management, and the State of New Jersey, Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Kenneth Moore, CPA

Kenneth Moore, CPA
Licensed Public School Accountant
No. CS00499

Alliance of Governmental Auditors

Alliance of Governmental Auditors, LLC
Certified Public Accountants

October 2, 2009

**ALLIANCE OF
GOVERNMENTAL
AUDITORS, LLC**

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A JOINT VENTURE OF

SWARTZ & CO.,LLC &

TRACEY HEUN BRENNAN & CO. CPAs, PC

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

The Honorable President and
Members of the Board of Education
Atlantic County Special Services School
County of Atlantic
Mays Landing, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Atlantic County Special Services School, in the County of Atlantic, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2009. The Atlantic County Special Services School's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Atlantic County Special Services School's management. Our responsibility is to express an opinion on the Atlantic County Special Services School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Atlantic County Special Services School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination on the Atlantic County Special Services School's compliance with those requirements.

In our opinion, the Board of Education of the Atlantic County Special Services School, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

The management of the Board of Education of the Atlantic County Special Services School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Atlantic County Special Services School Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of the Atlantic County Special Services School Board of Education, the New Jersey State Department of Education (cognizant audit agency), and other state and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Kenneth Moore, CPA

Kenneth Moore, CPA
Licensed Public School Accountant
No. CS00499

Alliance of Governmental Auditors, LLC

Alliance of Governmental Auditors, LLC
Certified Public Accountants

October 2, 2009

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 (A Component Unit of the County of Atlantic
 Schedule of Expenditures of Federal Awards
 for the Fiscal Year ended June 30, 2009)

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2008	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue	Due to Grantor
U. S. Department of Agriculture													
Passed-through State Department of Education													
Enterprise Fund:													
Food Distribution Program	10.550		7/1/08 - 6/30/09	30,134			30,134	(30,134)					
School Breakfast Program	10.553		7/1/07 - 6/30/08	61,895	(4,605)		4,605						
School Breakfast Program	10.553		7/1/08 - 6/30/09	72,378			66,773	(72,378)			(5,605)		
National School Lunch Program	10.555		7/1/07 - 6/30/08	108,852	(7,587)		7,587						
National School Lunch Program	10.555		7/1/08 - 6/30/09	121,812			112,722	(121,812)			(9,090)		
Total U.S. Department of Agriculture					(12,192)	-	221,821	(224,324)		-	(14,695)	-	-
U.S. Department of Education													
Passed-through State Department of Education													
General Fund:													
Special Education Medicaid Aid	93.778		7/1/08 - 6/30/09	99,201			99,201	(99,201)					
Total General Fund							99,201	(99,201)		-	-	-	-
U.S. Department of Education													
Passed-through Absecon Board of Education													
Special Revenue Fund	84.027		9/1/07 - 8/31/08	193,770	(12,314)		12,314	(40,340)			(38,770)		
IDEA Part B - Basic	84.027		9/1/08 - 8/31/09	157,881			1,570						
IDEA Part B - Basic					(12,314)		13,884	(40,340)			(38,770)		
Total Federal Financial Awards					(24,506)	-	334,906	(363,865)		-	(53,465)	-	-

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 (A Component Unit of the County of Atlantic)
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2008			Balance at June 30, 2009			MEMO							
				Deferred Revenue (Accts Receivable)	Due to Grantor	Comptroller Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years Balances	(Accounts Receivable)	Deferred Revenue	Due to Grantor at	Budgetary Receivable	Cumulative Total Expenditures		
State Department of Education																	
General Fund:																	
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/07-6/30/08	590,584	(29,021)			29,021										590,584
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/08-6/30/09	600,261	(29,021)			541,802	(600,261)						(58,659)			600,261
Total General Fund																	1,190,845
Special Revenue Fund:																	
New Jersey Nonpublic Aid:																	
Auxiliary Services:																	
Compensatory Education	100-034-5120-037	7/1/07-6/30/08	126,407	(51,747)			51,747	(124,615)						(75,247)			126,397
Compensatory Education	100-034-5120-037	7/1/08-6/30/09	124,615				49,368										124,615
Handicapped Services:																	
Examination and Classification	100-034-5120-065	7/1/07-6/30/08	65,447	(18,100)			18,100	(49,793)						(31,277)			55,443
Examination and Classification	100-034-5120-065	7/1/08-6/30/09	55,430	(2,046)			1,651										4,776
Curriculum Development	100-034-5120-066	7/1/07-6/30/08	9,370				2,046	(4,850)						(2,790)			6,510
Curriculum Development	100-034-5120-066	7/1/08-6/30/09	7,440	(14,180)			14,180	(41,299)						(25,770)			38,464
Supplementary Instruction	100-034-5120-066	7/1/07-6/30/08	50,386				15,529										41,299
Supplementary Instruction	100-034-5120-066	7/1/08-6/30/09	47,082														
Total Special Revenue Fund																	447,171
State Department of Agriculture																	
Enterprise Fund:																	
National School Lunch Program (State Share)	100-034-5120-122	7/1/07-6/30/08	5,348	(371)			371	(5,561)						(402)			5,348
National School Lunch Program (State Share)	100-034-5120-122	7/1/08-6/30/09	5,561	(393)			5,159										5,561
School Breakfast Program (State Share)	100-034-5120-122	7/1/07-6/30/08	5,435				393	(5,878)						(429)			5,435
School Breakfast Program (State Share)	100-034-5120-122	7/1/08-6/30/09	5,878	(764)			5,449										5,878
Total State Financial Assistance																	1,660,238

The accompanying notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this statement.

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2009**

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Atlantic County Special Services School. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$0 for the general fund and special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2009**

	<u>General fund</u>	<u>Special Revenue Fund</u>	<u>Food service fund</u>	<u>Total</u>
State Assistance:				
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 600,261	220,357	11,439	832,057
Difference – budget to “GAAP” Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				-
On behalf payments recognized for GAAP purposes but not included on the Schedule of Expenditures of State Financial Assistance	520,079			520,079
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 1,120,340</u>	<u>220,357</u>	<u>11,439</u>	<u>1,352,136</u>

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2009**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 99,201	40,340	224,324	363,865
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.		388		388
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>\$ 99,201</u>	<u>40,728</u>	<u>224,324</u>	<u>364,253</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2009. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2009.

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF ATLANTIC)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Part 2 -- Schedule of Financial Statement Findings

None

Part 3 -- Schedule of Federal Award Findings and Questioned Costs

None

Part 3 -- Schedule of State Award Findings and Questioned Costs

None

STATUS OF PRIOR YEAR FINDINGS

None