

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, 2011



# **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, 2011

Prepared by

Atlantic County Special Services School District  
Board of Education  
Finance Department



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## **Introductory Section**

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# ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Lizabeth R. Buoro  
Superintendent  
(609) 625-5796  
Fax (609) 625-8124

Lisa Mooney  
School Business Administrator  
(609) 625-5687  
Fax (609) 625-0496

October 20, 2011

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, 2011, 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 a component unit of the County of Atlantic 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.

In addition to a wide range of on-campus and off-campus programs for enrolled students, the Board of Education provides itinerant shared services including occupational therapy, physical therapy, speech/language therapy, counseling, consultation, and child study team evaluation to students in Local Educational Agencies. An educational component is provided for the youth at the JINS shelter, and both educational and nursing services are provided to the youth at the Harborfields juvenile detention facility.

**2) ECONOMIC CONDITION AND OUTLOOK:** The current budget crisis in New Jersey continues to have a major impact on the state's educational system, given budget cuts made during the 2010/2011 school year, and additional budget restrictions likely in the future. Although our district does not directly receive state aid or stimulus funds, the cuts to our sending districts have had an impact on our budget planning, particularly in light of decreased student enrollment. We will continue to closely monitor actual student enrollment numbers, modify spending as needed, and gather data to effectively project tuition revenues for the 2012/2013 budget.

**3) MAJOR INITIATIVES:** A district-wide School Climate initiative is being continued this year, with an emphasis on increasing student success through effectively balancing academic and life skills instruction, career education, and social-emotional learning. This initiative includes a comprehensive plan for staff development through the implementation of Professional Learning Communities, and the implementation of new curriculum programs in Science, Social Studies, and Social-Emotional Learning.

In response to identified needs from our sending districts, and the ongoing state Department of Education initiative to consolidate services, our district will strive to increase itinerant/shared services offerings to Local Educational Agencies, including the continuation of a Multiply Disabled Host Class in the Brigantine School District.

A high percentage of multiply disabled students presenting with severe behavior problems are referred to our district. 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. In addition, we have developed policies and are implementing procedures to address the new state Harassment, Intimidation and Bullying (HIB) mandates.

Our School to Career education program continues to grow, offering disabled students in Atlantic County the opportunity to receive real-life, meaningful 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, the Food Bank Community of New Jersey, and Sears at the Hamilton Mall.

**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, 2011.

**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.

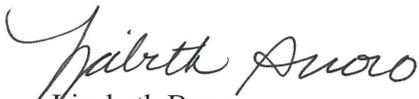
**10) OTHER INFORMATION:**

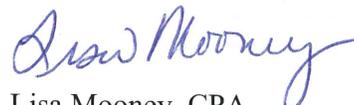
**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of the Swartz & Co., LLC. In addition to meeting the requirements set forth in state statutes, the audit also was designed 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,

  
Elizabeth Buoro  
Superintendent

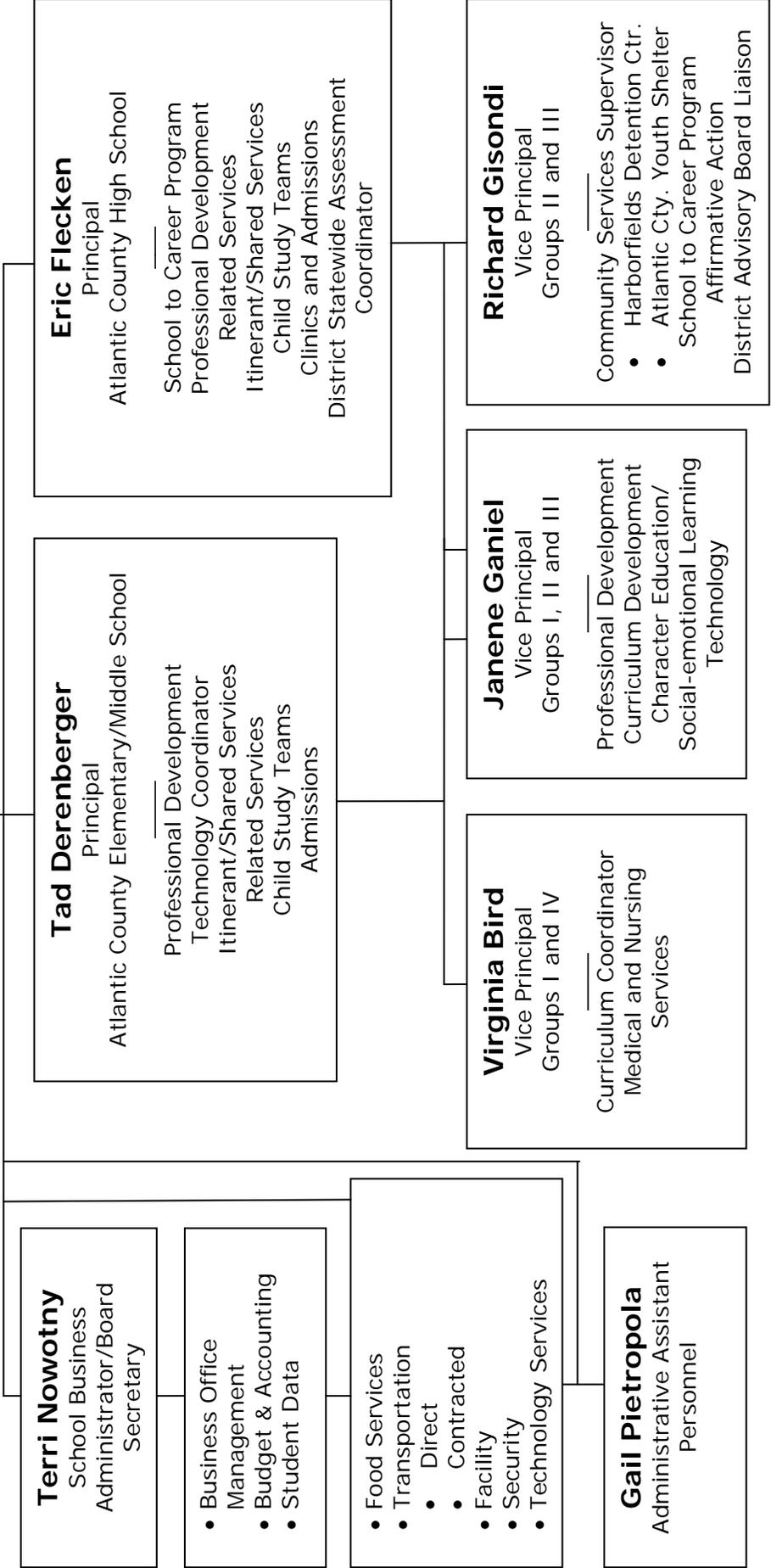
  
Lisa Mooney, CPA  
Business Administrator/  
Board Secretary

**ORGANIZATIONAL CHART 2010/2011**  
**Effective 9/1/10**

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

**BOARD OF EDUCATION**

Superintendent  
 Lizabeth Buoro



**Terri Nowotny**  
 School Business Administrator/Board Secretary

- 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  
 Related Services  
 Child Study Teams  
 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  
 Medical and Nursing  
 Services

**Janene Ganiel**  
 Vice Principal  
 Groups I, II and III

Professional Development  
 Curriculum Development  
 Character Education/  
 Social-emotional Learning  
 Technology

**Richard Gisondi**  
 Vice Principal  
 Groups II and III

Community Services Supervisor

- Harborfields Detention Ctr.
- Atlantic Cty. Youth Shelter

School to Career Program  
 Affirmative Action  
 District Advisory Board Liaison

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MAYS LANDING, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2011

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

**Other Officials**

Lizabeth Buoro, Superintendent

Terri Nowotny CPA, Board Secretary/Business Administrator (through June 17, 2011)

Diane Bitting, Interim Board Secretary/Business Administrator (June 27, 2011 through August 9, 2011)

Lisa Mooney, CPA, Board Secretary/Business Administrator (effective August 8, 2011)

Valerie Ritson, Assistant Board Secretary

Charles Beirne, Treasurer

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

**Architect of Record**

Faridy, Veisz, Fraytak  
1515 Lower Ferry Road  
P.O. Box 7371  
Trenton, NJ 08628

**Attorneys**

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642 Bay Avenue  
Somers Point, NJ 08244

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Laurel Corporate Center  
8000 Midlantic Drive Suite 300  
Mount Laurel, NJ 08054

Alan Schmoll  
Capehart & Scatchard, P.A.  
Laurel Corporate Center  
8000 Midlantic Drive Suite 300  
Mount Laurel, NJ 08054

**Audit Firm**

Swartz & Co., LLC  
1409 Cantillon Blvd.  
PO Box 548  
Mays Landing, NJ 08330

**Official Depository**

Ocean City Home Bank  
5401 Harding Highway  
Mays Landing, NJ 08330

**Insurance Agent**

New Jersey School Boards Assn. Insurance Group  
450 Veteran's Drive  
Burlington, NJ 08016

Jeffery Dunn  
Glenn Insurance  
500 E. Absecon Blvd.  
Absecon, NJ 08201

**School Physicians**

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

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

Barry D. Glasser, M.D.  
Brigantine Towne Center  
4248 Harbor Beach Blvd.  
Brigantine, NJ 08203

## **Financial Section**

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CERTIFIED PUBLIC ACCOUNTANTS  
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Phone: (609) 625-0999  
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## 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, 2011, 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, 2011 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 20, 2011 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  
Licensed Public School Accountant  
No. CS00499

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

October 20, 2011

**Required Supplemental Information**  
**Part I**

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## 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, 2011. 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 decreased approximately \$1,200,000 due to an excess of expenditures over revenues.
- The State of New Jersey reimbursed the District \$619,558 during the fiscal year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. The State also contributed \$547,277 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, 2011, the District's governmental activities expenditures were approximately \$330,000 more than total revenues. During the prior fiscal year, expenditures exceeded revenues by approximately \$550,000.
- In the District's business-type activities, net assets decreased \$937,000 as a result of an excess of expenditures over revenues.

### 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 decreased between fiscal years 2011 and 2010 as a result of an excess of expenditures over revenues. The business-type activities net assets decreased due to the excess of expenses over revenues.

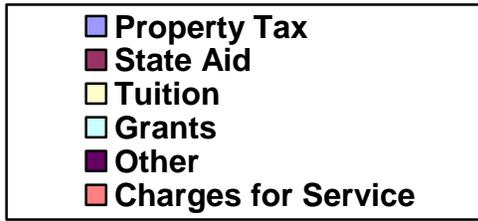
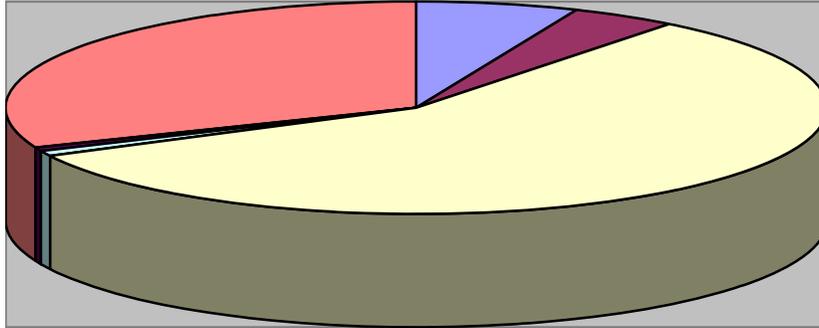
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Current and other assets	\$ 5,131,970	\$ 4,703,524	2,541,426	3,592,292
Capital assets	23,554,439	24,384,588	1,790,147	1,781,405
<b>Total assets</b>	<b>28,686,409</b>	<b>29,088,112</b>	<b>4,331,573</b>	<b>5,373,697</b>
Long-term liabilities	544,734	519,639	606,329	377,547
Other liabilities	302,581	399,454	58,203	391,666
<b>Total liabilities</b>	<b>847,315</b>	<b>919,093</b>	<b>664,532</b>	<b>769,213</b>
Net assets				
Invested in capital assets	23,554,439	24,384,588	1,398,487	1,395,560
Restricted	220,876	282,157		
Unrestricted	4,063,779	3,502,274	2,268,554	3,208,924
<b>Total net assets</b>	<b>\$ 27,839,094</b>	<b>28,169,019</b>	<b>3,667,041</b>	<b>4,604,484</b>

**Changes in net assets.** The total revenue of the District decreased approximately \$50,000 due to a decrease in revenues of the enterprise funds.

Approximately 57% 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.

	2011		2010	
	Amount	Percentage	Amount	Percentage
Property taxes	\$ 1,980,000	6.36%	\$ 1,980,000	6.35%
Unrestricted State aid	1,316,894	4.23%	1,293,710	4.15%
Tuition	17,736,399	57.01%	17,521,091	56.23%
Charges for Services	9,701,081	31.18%	9,738,020	31.25%
Operating Grants and Contributions	224,870	0.72%	483,271	1.55%
Other	153,623	0.49%	145,901	0.47%
<b>Totals</b>	<b>\$ 31,112,867</b>	<b>100.00%</b>	<b>31,161,993</b>	<b>100.00%</b>

## 2011 Revenue



## Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2011 and 2010 fiscal years.

	Governmental Activities		Business-type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues</b>						
Program revenue						
Charges for services	17,736,399	17,521,091	9,701,081	9,738,020	27,437,480	27,259,111
Federal grants	-	60,760	212,264	221,373	212,264	282,133
State and Local Grants	9,783	190,836	2,823	10,302	12,606	201,138
General revenues						
Property taxes	1,980,000	1,980,000			1,980,000	1,980,000
State aid entitlements	1,316,894	1,293,710			1,316,894	1,293,710
Other	151,855	140,179	1,768	5,722	153,623	145,901
<b>Total revenues</b>	<u>21,194,931</u>	<u>21,186,576</u>	<u>9,917,936</u>	<u>9,975,417</u>	<u>31,112,867</u>	<u>31,161,993</u>
<b>Expenses</b>						
Instruction:						
Other special instruction	11,149,057	11,576,216			11,149,057	11,576,216
Other instruction	1,103,773	1,087,259			1,103,773	1,087,259
Support services:						
Student & instruction related	4,251,924	4,333,611			4,251,924	4,333,611
District administration services	1,090,689	912,734			1,090,689	912,734
General & business admin	1,601,949	1,497,142			1,601,949	1,497,142
Plant operations & maintenance	2,196,979	2,137,797			2,196,979	2,137,797
Pupil transportation	56,145	61,297			56,145	61,297
Capital Outlay	-	2,067			-	2,067
Business-type activities			10,929,719	10,784,699	10,929,719	10,784,699
<b>Total expenses</b>	<u>21,450,516</u>	<u>21,608,123</u>	<u>10,929,719</u>	<u>10,784,699</u>	<u>32,380,235</u>	<u>32,392,822</u>
(Deficiency) before Transfers	(255,585)	(421,547)	(1,011,783)	(809,282)	(1,267,368)	(1,230,829)
Transfers	(74,340)	(128,078)	74,340	128,078	-	-
<b>Increase/(Decrease) in net assets</b>	<u>(329,925)</u>	<u>(549,625)</u>	<u>(937,443)</u>	<u>(681,204)</u>	<u>(1,267,368)</u>	<u>(1,230,829)</u>

### **Business-type Activities**

Revenues of the District's business-type activities decreased approximately 1% when compared to the previous fiscal year while expenditures increased 1% over the past fiscal year.

### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As of the year end, the governmental funds reported a combined fund balance of \$4,829,389 which is \$525,319 higher than the beginning of the year. The most significant increases are in the tuition charges and an increase in the SEMI program.

### **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 30<sup>th</sup> 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 budget revenue exceeded the actual revenues by \$213,050. This is a result of a smaller student population than 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 \$1,702,664. 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 2011, the District had invested \$25.3 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 \$821,407 or 3%, over last year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 636,272	\$ 636,272	73,500	73,500	709,772	709,772
Construction in Progress	24,467	3,975	-	-	24,467	3,975
Buildings and Improvements	22,117,771	22,836,141	372,286	385,447	22,490,057	23,221,588
Machinery and Equipment	775,929	908,200	1,344,361	1,322,458	2,120,290	2,230,658
<b>Total</b>	<u>\$ 23,554,439</u>	<u>24,384,588</u>	<u>1,790,147</u>	<u>1,781,405</u>	<u>25,344,586</u>	<u>26,165,993</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 2012 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, 2011

## **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, 2011

**Atlantic County Special Services School District**  
**(A Component Unit of the County of Atlantic)**  
**Statement of Net Assets**  
**6/30/2011**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,989,016	1,369,310	6,358,326
Receivables, net	38,716	1,143,032	1,181,748
Inventory		30,014	30,014
Internal Balances	930	(930)	-
Due from Agency Fund	5,845		5,845
Other Current Assets	97,463		97,463
Capital assets not being depreciated:			
Land	636,272	73,500	709,772
Construction in Progress	24,467		24,467
Capital assets, net of accumulated depreciation	<u>22,893,700</u>	<u>1,716,647</u>	<u>24,610,347</u>
Total Assets	<u>28,686,409</u>	<u>4,331,573</u>	<u>33,017,982</u>
<b>LIABILITIES</b>			
Other payables	141,795	58,203	199,998
Deferred Revenues	5,419		5,419
Intergovernmental payable	155,367		155,367
Noncurrent liabilities:			
Due within one year	70,328	267,694	338,022
Due beyond one year	<u>474,406</u>	<u>338,635</u>	<u>813,041</u>
Total liabilities	<u>847,315</u>	<u>664,532</u>	<u>1,511,847</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	23,554,439	1,398,487	24,952,926
Restricted for:			
Other purposes	220,876		220,876
Unrestricted	<u>4,063,779</u>	<u>2,268,554</u>	<u>6,332,333</u>
Total net assets	<u>\$ 27,839,094</u>	<u>3,667,041</u>	<u>31,506,135</u>

Atlantic County Special Services School District  
(A Component Unit of the County of Atlantic)  
Statement of Activities  
For the Year Ended June 30, 2011

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	8,220,873	2,928,184	17,736,399	9,783	6,597,125		6,597,125
Other instruction	813,878	289,895			(1,103,773)		(1,103,773)
Support services:							
Student & instruction related services	3,135,200	1,116,724			(4,251,924)		(4,251,924)
School administrative services	804,231	286,458			(1,090,689)		(1,090,689)
General and business administrative services	1,181,214	420,735			(1,601,949)		(1,601,949)
Plant operations and maintenance	1,619,965	577,014			(2,196,979)		(2,196,979)
Pupil transportation	41,400	14,745			(56,145)		(56,145)
Unallocated benefits	5,633,755	(5,633,755)			-		-
Total governmental activities	21,450,516	-	17,736,399	9,783	(3,704,334)	-	(3,704,334)
Business-type activities:							
Food Service	673,023		257,233	215,087		(200,703)	(200,703)
Transportation	7,022,680		6,576,257			(446,423)	(446,423)
Instruction	3,234,016		2,867,591			(366,425)	(366,425)
Total business-type activities	10,929,719		9,701,081	215,087		(1,013,551)	(1,013,551)
Total primary government	\$ 32,380,235		27,437,480	224,870	(3,704,334)	(1,013,551)	(4,717,885)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					1,980,000		1,980,000
Federal and State aid not restricted					1,316,894		1,316,894
Other restricted miscellaneous revenue					187		187
Miscellaneous Income					144,859		144,859
Transfers					(74,340)	74,340	-
Cancellation of Prior Year Payables					6,809	1,768	8,577
Total general revenues, special items, extraordinary items and transfers					3,374,409	76,108	3,450,517
Change in Net Assets					(329,925)	(937,443)	(1,267,368)
Net Assets—beginning					28,169,019	4,604,484	32,773,503
Net Assets—ending					27,839,094	3,667,041	31,506,135

## 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.

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**Atlantic County Special Services School District**  
**(A Component Unit of the County of Atlantic)**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,884,675	5,419	98,922	4,989,016
Due from other funds	8,168			8,168
Receivables from other governments	37,014			37,014
Other Accounts Receivable		1,702		1,702
Other Current Assets	97,463			97,463
Total assets	5,027,320	7,121	98,922	5,133,363
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	141,486	309		141,795
Intergovernmental payable	155,367			155,367
Deferred Revenues		5,419		5,419
Due to other funds		1,393		1,393
Total liabilities	296,853	7,121	-	303,974
Fund Balances:				
Committed to:				
Capital Reserve	220,876			220,876
Designated for subsequent years expenditures	1,944,977			1,944,977
Unassigned:				
General fund	2,564,614			2,564,614
Capital Projects fund			98,922	98,922
Total Fund balances	4,730,467	-	98,922	4,829,389
Total liabilities and fund balances	\$ 5,027,320	7,121	98,922	

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.

23,554,439

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.

(544,734)

Net assets of governmental activities

\$ 27,839,094

**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, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local tax levy	\$ 1,980,000			1,980,000
Tuition - from LEAs	16,961,374			16,961,374
Other tuition	686,300			686,300
Non resident fees	88,725			88,725
Other restricted miscellaneous revenue	187			187
Miscellaneous	144,859	9,783		154,642
State sources	1,166,835			1,166,835
Federal sources	150,059			150,059
	<u>21,178,339</u>	<u>9,783</u>	<u>-</u>	<u>21,188,122</u>
<b>EXPENDITURES</b>				
Current:				
Other special instruction	7,731,844	9,112		7,740,956
Other instruction	766,366			766,366
Support services and undistributed costs:				
Student & instruction related services	2,951,503	671		2,952,174
School administrative services	757,282			757,282
Other administrative services	369,917			369,917
Central Services	675,897			675,897
Admin Information Technology	66,443			66,443
Plant operations and maintenance	1,525,395			1,525,395
Pupil transportation	38,981			38,981
Unallocated Benefits	5,633,755			5,633,755
Capital outlay	47,614		20,492	68,106
Total expenditures	<u>20,564,997</u>	<u>9,783</u>	<u>20,492</u>	<u>20,595,272</u>
Excess (Deficiency) of revenues over expenditures	<u>613,342</u>	<u>-</u>	<u>(20,492)</u>	<u>592,850</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Cancellation of Prior Year Payables	6,809			6,809
Increase in Capital Reserve	75,000			75,000
Transfer to Capital Reserve	(75,000)			(75,000)
Transfers in			119,414	119,414
Transfers out	(193,754)			(193,754)
Total other financing sources and uses	<u>(186,945)</u>		<u>119,414</u>	<u>(67,531)</u>
Net change in fund balances	426,397	-	98,922	525,319
Fund balance—July 1	4,304,070	-	-	4,304,070
Fund balance—June 30	<u>\$ 4,730,467</u>	<u>-</u>	<u>98,922</u>	<u>4,829,389</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, 2011**

**Total net change in fund balances - governmental funds (from B-2)** \$ 525,319

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.

Depreciation expense	(898,255)	
Capital outlays	<u>68,106</u>	(830,149)

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 (+).

(25,095)

**Change in net assets of governmental activities** \$ (329,925)

**Atlantic County Special Services School District**  
**(A Component Unit of the County of Atlantic)**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Food Service</b>	<b>Transportation</b>	<b>Teachers Aide Services</b>	<b>Non-Major Funds</b>	<b>Totals</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents		444,720	740,682	183,908	1,369,310
Accounts receivable					
Other	\$ 10,677	746,131	279,749	106,475	1,143,032
Interfund Receivable			315,558		315,558
Inventory	30,014				30,014
Total current assets	40,691	1,190,851	1,335,989	290,383	2,857,914
Noncurrent assets:					
Land and Improvements		73,500			73,500
Buildings and Improvements		510,210			510,210
Furniture, machinery & equipment	584,587	3,425,821			4,010,408
Less accumulated depreciation	(362,712)	(2,441,259)			(2,803,971)
Total noncurrent assets	221,875	1,568,272	-	-	1,790,147
Total assets	262,566	2,759,123	1,335,989	290,383	4,648,061
<b>LIABILITIES</b>					
Current liabilities:					
Accounts Payable	797	44,119		8,741	53,657
Interfund payable	315,558			930	316,488
Other Current Liabilities	763	2,242	1,541		4,546
Capital Lease Payable		267,694			267,694
Total current liabilities	317,118	314,055	1,541	9,671	642,385
Noncurrent Liabilities					
Capital Lease Payable		123,966			123,966
Compensated Absences	11,020	203,649			214,669
Total noncurrent liabilities	11,020	327,615	-	-	338,635
Total liabilities	328,138	641,670	1,541	9,671	981,020
<b>NET ASSETS</b>					
Invested in capital assets net of related debt	221,875	1,176,612			1,398,487
Unrestricted	(287,447)	940,841	1,334,448	280,712	2,268,554
Total net assets	\$ (65,572)	2,117,453	1,334,448	280,712	3,667,041

**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, 2011**

**Business-type Activities -**  
**Enterprise Fund**

	<b>Food Service</b>	<b>Transportation</b>	<b>Teachers Aide Services</b>	<b>Non-Major Funds</b>	<b>Totals</b>
<b>Operating revenues:</b>					
Charges for services:					
Daily sales - reimbursable programs	\$ 257,233				257,233
Transportation Fees		6,576,257			6,576,257
Fees for Service			2,119,577	391,206	2,510,783
County Aid Payments				356,808	356,808
Total operating revenues	<u>257,233</u>	<u>6,576,257</u>	<u>2,119,577</u>	<u>748,014</u>	<u>9,701,081</u>
<b>Operating expenses:</b>					
Cost of sales	234,757				234,757
Salaries and wages	215,863	2,516,437	1,597,341	616,802	4,946,443
Employee Benefits	155,486	2,139,457	870,825	123,094	3,288,862
Transportation Operations		797,879			797,879
Other objects	6,261				6,261
Interest		15,572			15,572
Contracted Services		1,230,998			1,230,998
General Administrative Expenses			3,192	19,450	22,642
Travel				1,948	1,948
Materials and supplies	21,941			1,364	23,305
Depreciation	38,715	322,337			361,052
Total Operating Expenses	<u>673,023</u>	<u>7,022,680</u>	<u>2,471,358</u>	<u>762,658</u>	<u>10,929,719</u>
Operating income/(loss)	<u>(415,790)</u>	<u>(446,423)</u>	<u>(351,781)</u>	<u>(14,644)</u>	<u>(1,228,638)</u>
<b>Nonoperating revenues:</b>					
Cancellation of prior year payables		1,768			1,768
State sources:					
State school lunch program	2,823				2,823
Federal sources:					
National school breakfast program	66,478				66,478
National school lunch program	122,451				122,451
Food Distribution Program	23,335				23,335
Total nonoperating revenues	<u>215,087</u>	<u>1,768</u>	<u>-</u>	<u>-</u>	<u>216,855</u>
Income/(Loss) before contributions & transfers	<u>(200,703)</u>	<u>(444,655)</u>	<u>(351,781)</u>	<u>(14,644)</u>	<u>(1,011,783)</u>
<b>Transfers in</b>					
Operating transfer in - general fund	74,340				74,340
Operating transfer in - teachers aide fund	54,340				54,340
Operating transfer out - food service fund			(54,340)		(54,340)
Total transfers in	<u>128,680</u>	<u>-</u>	<u>(54,340)</u>	<u>-</u>	<u>74,340</u>
Change in net assets	<u>(72,023)</u>	<u>(444,655)</u>	<u>(406,121)</u>	<u>(14,644)</u>	<u>(937,443)</u>
Total net assets—beginning	6,451	2,562,108	1,740,569	295,356	4,604,484
Total net assets—ending	<u>\$ (65,572)</u>	<u>2,117,453</u>	<u>1,334,448</u>	<u>280,712</u>	<u>3,667,041</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, 2011**

**Business-type Activities -**  
**Enterprise Funds**

	<b>Food Service</b>	<b>Transportation</b>	<b>Teachers Aide Services</b>	<b>Non-Major Funds</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 259,010	6,996,312	2,321,441	752,636	10,329,399
Payments to employees	(215,863)	(2,532,783)	(1,597,341)	(620,392)	(4,966,379)
Payments for benefits	(155,486)	(2,139,457)	(870,825)	(122,960)	(3,288,728)
Payments for suppliers	(238,493)	(2,042,177)	(81,586)	(36,231)	(2,398,487)
Net cash provided by/(used for) operating activities	<u>(350,832)</u>	<u>281,895</u>	<u>(228,311)</u>	<u>(26,947)</u>	<u>(324,195)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
State Sources	3,913				3,913
Federal Sources	209,360				209,360
Operating subsidies and transfers to other funds	137,559		(4,666)	(58,553)	74,340
Net cash provided by/(used for) non-capital financing activities	<u>350,832</u>	<u>-</u>	<u>(4,666)</u>	<u>(58,553)</u>	<u>287,613</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Payment of Capital Leases		(363,979)			(363,979)
Net cash (used for) capital and related financing activities	<u>-</u>	<u>(363,979)</u>	<u>-</u>	<u>-</u>	<u>(363,979)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
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	<u>-</u>	<u>(82,084)</u>	<u>(232,977)</u>	<u>(85,500)</u>	<u>(400,561)</u>
Balances—beginning of year	-	526,804	973,659	269,408	1,769,871
Balances—end of year	<u>-</u>	<u>444,720</u>	<u>740,682</u>	<u>183,908</u>	<u>1,369,310</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating profit/(loss)	(415,790)	(446,423)	(351,781)	(14,644)	(1,228,638)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities					
Depreciation and net amortization	38,715	322,337			361,052
Federal Commodities	23,335				23,335
Cancellation of Prior Year Payables		1,768			1,768
(Increase)/Decrease in accounts receivable, net	1,777	418,287	201,864	4,622	626,550
Increase/(Decrease) in accounts payable	597	4,720	(79,935)	(17,855)	(92,473)
Decrease in Inventory	1,304				1,304
Increase/(Decrease) in Other Liabilities	(770)	(2,448)	1,541		(1,677)
Increase/(Decrease) in Compensated Absences	-	(16,346)			(16,346)
Increase/(Decrease) in Interfund Payable				930	930
Total adjustments	<u>64,958</u>	<u>728,318</u>	<u>123,470</u>	<u>(12,303)</u>	<u>904,443</u>
Net cash provided by/(used for) operating activities	<u>\$ (350,832)</u>	<u>281,895</u>	<u>(228,311)</u>	<u>(26,947)</u>	<u>(324,195)</u>

**Atlantic County Special Services School District**  
**(A Component Unit of the County of Atlantic)**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	<b>Unemployment Compensation Trust</b>	<b>Agency Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 80,868	118,436	199,304
Due from the Payroll Agency Fund	10,680	118,436	10,680
Total assets	91,548	118,436	209,984
<b>LIABILITIES</b>			
Due to the State of New Jersey	4,039		4,039
Due to Unemployment Compensation Trust		10,680	10,680
Due to General Fund		5,845	5,845
Payroll Deductions Payable		19,192	19,192
Payable to student groups		82,719	82,719
Total liabilities	4,039	118,436	122,475
<b>NET ASSETS</b>			
Held in trust for unemployment claims and other purposes	\$ 87,509		87,509

**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, 2011**

	Unemployment Compensation Trust
<b>ADDITIONS</b>	
Contributions:	
Employee Contributions	\$ 34,250
Total Contributions	34,250
Investment earnings:	
Interest	706
Net investment earnings	706
Total additions	34,956
<b>DEDUCTIONS</b>	
Unemployment claims	35,877
Miscellaneous	855
Total deductions	36,732
Change in net assets	(1,776)
Net assets—beginning of the year	89,285
Net assets—end of the year	\$ 87,509

**Atlantic County Special Services School  
(A Component Unit of the County of Atlantic)  
Notes to the Financial Statements  
June 30, 2011**

**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)  
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June 30, 2011**

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

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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.

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- County Projects Fund – This fund accounts for the revenues and expenses pertaining to agreements with Atlantic County government to provide educational services for the County.

**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  
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Notes to the Financial Statements  
June 30, 2011**

**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).

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**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, 2011, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$ 27,554
Supplies	2,460
	\$ 30,014

**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. Fund Balances – Governmental Funds**

The Atlantic County Special Services School District elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, ect.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District’s highest level of decision making authority.

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Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

- Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District’s policy, amounts may be assigned by the Business Administrator.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**6. 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.

**7. 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.

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**8. 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.

**9. Interfund 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.

**10. 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 Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board. The following significant budget transfers were approved during the year:

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	<u>From</u>	<u>To</u>
Extraordinary Services - Salaries		134,615
Multiply Disabled - Other Salaries	70,443	
Health Benefits	174,031	
Required Maint. Of School Facilities - Cleaning	32,000	
Required Maint. Of School Facilities - Salaries		30,500
Child Study team - Salaries of other Prof. Staff	61,488	
Educational media/Sch. Library - Salaries	24,582	
School Administration - Salaries of Principals		43,467
School Administration - Salaries of Secretarial	46,515	
Operations & Maint. Of School Facilities - Salaries	30,500	
Energy - Electricity		44,000
Other Retirement Contributions		134,131
Transfer to Food Service - Board contribution	20,000	
Autism - Salaries		40,077
Preschool - Other Salaries	57,677	
Preschool - Salaries	125,000	
Judgments Against the District		105,000

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.

**11. 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.

**Atlantic County Special Services School  
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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.

**12. 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.

**13. 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.

**14. 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.

**F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE**

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements" to improve financial reporting related to service concession arrangements (SCAs) which are a type of public-private or public-public partnership. This statement will become effective for fiscal periods beginning after December 15, 2011. This statement is not anticipated to have any effect on the District's financial reporting.

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement, which is effective for periods beginning after December 15, 2011, amends and supersedes several previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

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In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position”. The statement, which is effective for periods beginning after December 15, 2011, amends several previously issued GASB statements to standardize reporting of deferred inflows and outflows of financial resources. This statement is not anticipated to have any effect on the District’s financial reporting.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 64 “Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53”. This statement, which is effective for fiscal periods beginning after June 15, 2011, is not anticipated to have any effect on the District’s financial reporting.

**NOTE 2. INVESTMENTS**

As of June 30, 2011, 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, 2011, \$0 of the District’s bank balance of \$6,048,108 was exposed to custodial credit risk.

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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 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, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$ 265,103
Interest Earnings	187
Per Res. June 13, 2011	75,000
Tranferred to Capital Projects Fund	<u>(119,414)</u>
Ending Balance, June 30, 2011	<u><u>\$ 220,876</u></u>

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**Atlantic County Special Services School  
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**NOTE 5. FIXED ASSETS**

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2011</u>
<b>Governmental Activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 636,272			636,272
Construction in Progress	3,975	20,492		24,467
Total capital assets not being depreciated	<u>640,247</u>	<u>20,492</u>	<u>-</u>	<u>660,739</u>
Bldg and bldg improve	28,706,059			28,706,059
Machinery & equipment	3,142,338	47,614	(9,778)	3,180,174
Total at historical cost	<u>31,848,397</u>	<u>47,614</u>	<u>(9,778)</u>	<u>31,886,233</u>
Less accum depr for:				
Bldg and improve	(5,869,918)	(718,370)		(6,588,288)
Equipment	(2,234,138)	(179,885)	9,778	(2,404,245)
Total accum deprec	<u>(8,104,056)</u>	<u>(898,255)</u>	<u>9,778</u>	<u>(8,992,533)</u>
Total capital assets being depr, net of accum depr	<u>23,744,341</u>	<u>(850,641)</u>	<u>-</u>	<u>22,893,700</u>
<b>Governmental activities capital assets, net</b>	<u><u>24,384,588</u></u>	<u><u>(830,149)</u></u>	<u><u>-</u></u>	<u><u>23,554,439</u></u>
<b>Business-type activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 73,500			73,500
Construction in Progress				-
Total capital assets not being depreciated	<u>73,500</u>	<u>-</u>	<u>-</u>	<u>73,500</u>
Building and improve	510,210			510,210
Equipment	4,209,528	369,794	(568,914)	4,010,408
Less accum depr for:				
Building and improve	(124,763)	(13,161)		(137,924)
Equipment	(2,887,070)	(347,891)	568,914	(2,666,047)
<b>Business-type activities capital assets, net</b>	<u><u>\$ 1,781,405</u></u>	<u><u>8,742</u></u>	<u><u>-</u></u>	<u><u>1,790,147</u></u>

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Depreciation expense is charged to governmental functions as follows:

Other special instruction	\$	466,874
Other instruction		46,221
Student & instruction related services		178,052
School administrative expenses		45,673
General and business administration		67,083
Plant operations and maintenance		92,000
Pupil Transportation		2,352
	<u>\$</u>	<u>898,255</u>

**NOTE 6. GENERAL LONG-TERM DEBT**

**Governmental Activities**

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Balance June 30, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Compensated Absences Payable	\$ 519,639	79,355	54,260	544,734	70,328
	<u>\$ 519,639</u>	<u>79,355</u>	<u>54,260</u>	<u>544,734</u>	<u>70,328</u>

**Business Type Activities**

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Balance June 30, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Obligations under Capital Leases	\$ 385,845	369,794	363,979	391,660	267,694
Compensated Absences Payable	231,015	3,331	19,677	214,669	-
	<u>\$ 616,860</u>	<u>373,125</u>	<u>383,656</u>	<u>606,329</u>	<u>267,694</u>

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**Capital Leases** – The District is leasing 7 Ford buses from TD Bank totaling \$433,866 under a capital lease. Payments in the amount of \$151,734 commenced December 22, 2009 and are due each December 22. The final payment is due December 22, 2011. Included in each payment is interest at 3.55% per annum.

The District is leasing 6 Ford buses from Sun trust Equipment Finance totaling \$369,794 under a capital lease. Payments in the amount of \$126,835 commenced December 23, 2010 and are due each December 23. The final payment is due December 23, 2012. Included in each payment is interest at 2.29% 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, 2011.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	267,694	10,875	278,569
2013	123,966	2,869	126,835
Total	<u>391,660</u>	<u>13,744</u>	<u>405,404</u>

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>
13 School Buses	<u>\$803,660</u>	<u>150,171</u>	<u>653,489</u>

**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](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

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*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.

*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, 2011, 2010 and 2009 were \$0, \$0, and \$0 respectively, and paid by the State of New Jersey on behalf of the board. The required contributions were not made by the State of New Jersey. The School District's contributions to PERS for the years ending June 30, 2011, 2010 and 2009 were \$903,107, \$725,046, and \$599,104 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2011, 2010 and 2009, the State of New Jersey contributed \$547,277, \$535,983, and \$520,079 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 \$619,558, \$623,283, and \$600,261 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

**Atlantic County Special Services School  
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June 30, 2011**

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, 2010, there were 87,288 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 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 of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

**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.

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**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, 2011 there were 8 employees 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, 2011 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:

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<u>Fiscal Year</u>		<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$	-	34,956	36,732	87,509
2009-2010		-	40,431	18,532	89,285
2008-2009		-	50,739	41,269	67,386

**NOTE 14. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 8,168	
Special Revenue Fund		1,393
Non-major Proprietary funds		930
Fiduciary Funds		5,845
Total	<u>\$ 8,168</u>	<u>8,168</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 2011 fiscal year, the general fund made a permanent interfund transfer in the amount of \$74,340 to the enterprise fund to partially cover accumulated deficits in the District food service program and a permanent interfund transfer to the Capital Projects Fund in the amount of \$119,414 to cover the local costs of the capital project. 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 \$4,730,467 General Fund balance at June 30, 2011, \$1,944,977 has been appropriated and included as anticipated revenue for the year ending June 30, 2012; \$220,876 has been reserved for future capital activity; and \$2,564,614 is unreserved and undesignated.

**Atlantic County Special Services School  
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Notes to the Financial Statements  
June 30, 2011**

**NOTE 15. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through October 20, 2011, the date on which the financial statements were available to be issued, and no items other than described below were identified that require disclosure:

As of July 1, 2011 the Board of Education of the Atlantic County Special Services School District was merged with the Board of Education of the Atlantic County Vocational Technical School. Although the Districts share the same Board of Education, the financial activities of each district are maintained completely independently.

On September 20, 2011 the District entered into a 3 year lease agreement with Sun Trust Equipment Finance for the lease purchase of 7 Ford school buses at a cost of \$366,747. The loan is payable in annual installment of \$125,859 with the first payment due December 23, 2011. The lease bears an interest rate of 2.35% per annum.

**Required Supplemental Information**  
**Part II**

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## **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.

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**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, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,980,000		1,980,000	1,980,000	-
Tuition--from LEAs	17,324,679		17,324,679	16,961,374	(363,305)
Other Tuition	710,000		710,000	686,300	(23,700)
Non-Resident Fees	144,000		144,000	88,725	(55,275)
Interest Earned on Capital Reserve Funds	120		120	187	67
Miscellaneous	15,755		15,755	144,859	129,104
<b>Total - Local Sources</b>	<b>20,174,554</b>	<b>-</b>	<b>20,174,554</b>	<b>19,861,445</b>	<b>(313,109)</b>
State Sources:					
Reimbursed TPAF Social Security Contributions (non-budgeted)	-			619,558	619,558
On-behalf TPAF Contributions (non-budgeted)				547,277	547,277
<b>Total - State Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,166,835</b>	<b>1,166,835</b>
Federal Sources:					
Medical Assistance Program	50,000		50,000	150,059	100,059
<b>Total - Federal Sources</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>150,059</b>	<b>100,059</b>
<b>Total Revenues</b>	<b>20,224,554</b>	<b>-</b>	<b>20,224,554</b>	<b>21,178,339</b>	<b>953,785</b>

**Atlantic County Special Services School District  
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Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Multiple Disabilities					
Salaries of Teachers	3,557,253	17,600	3,574,853	3,574,853	-
Other Salaries for Instruction	2,137,254	(70,443)	2,066,811	2,031,849	34,962
Purchased Professional-Educational Services	8,000	-	8,000	460	7,540
Other Purchased Services	2,000	12,883	14,883	13,073	1,810
General Supplies	111,748	-	111,748	79,726	32,022
Textbooks	50,000	(12,883)	37,117	12,804	24,313
Other Objects	68,647	-	68,647	40,708	27,939
Total Multiple Disabilities	5,934,902	(52,843)	5,882,059	5,753,473	128,586
Autism					
Salaries of Teachers	239,721	-	239,721	229,316	10,405
Other Salaries for Instruction	195,583	40,077	235,660	143,696	91,964
Purchased Professional-Educational Services	5,705	-	5,705	3,469	2,236
General Supplies	2,500	-	2,500	2,497	3
Textbooks	500	-	500	184	316
Other Objects	2,000	-	2,000	678	1,322
Total Autism	446,009	40,077	486,086	379,840	106,246
Preschool Disabilities - Full-Time					
Salaries of Teachers	369,970	(125,000)	244,970	236,802	8,168
Other Salaries for Instruction	396,015	(57,677)	338,338	250,611	87,727
General Supplies	1,525	-	1,525	246	1,279
Other Objects	6,694	-	6,694	911	5,783
Total Preschool Disabilities - Full-Time	774,204	(182,677)	591,527	488,570	102,957

**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, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>Extended School Year</b>					
Salaries of Teachers	289,693	-	289,693	287,071	2,622
Other Salaries for Instruction	233,050	-	233,050	217,201	15,849
Purchased Professional-Educational Services	6,335	-	6,335	-	6,335
General Supplies	6,000	-	6,000	5,649	351
Other Objects	10,633	18,900	29,533	23,113	6,420
<b>Total Extended School Year</b>	<b>545,711</b>	<b>18,900</b>	<b>564,611</b>	<b>533,034</b>	<b>31,577</b>
<b>Cognitive - Severe</b>					
Salaries of Teachers	282,034	-	282,034	210,200	71,834
Other Salaries for Instruction	196,465	-	196,465	170,163	26,302
Purchased Professional-Educational Services	194,825	-	194,825	193,425	1,400
General Supplies	3,220	-	3,220	1,592	1,628
Other Objects	2,500	-	2,500	1,547	953
<b>Total Cognitive - Severe</b>	<b>679,044</b>	<b>-</b>	<b>679,044</b>	<b>576,927</b>	<b>102,117</b>
<b>Total Special Education - Instruction</b>	<b>8,379,870</b>	<b>(176,543)</b>	<b>8,203,327</b>	<b>7,731,844</b>	<b>471,483</b>
<b>Other Instructional Programs - Instruction</b>					
Salaries	711,460	937	712,397	700,625	11,772
Supplies and Materials	23,216	-	23,216	15,962	7,254
Other Objects	3,000	-	3,000	3,000	-
<b>Total Other Instructional Programs - Instruction</b>	<b>737,676</b>	<b>937</b>	<b>738,613</b>	<b>719,587</b>	<b>19,026</b>

**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, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>Community Service Programs/Operations</b>					
Salaries	40,791	5,988	46,779	46,779	-
Purchased Services	1,850	-	1,850	-	1,850
Supplies and Materials	1,094	-	1,094	-	1,094
Other Objects	750	-	750	-	750
<b>Total Community Service Programs/Operations</b>	<b>44,485</b>	<b>5,988</b>	<b>50,473</b>	<b>46,779</b>	<b>3,694</b>
<b>Total Instruction</b>	<b>9,162,031</b>	<b>(169,618)</b>	<b>8,992,413</b>	<b>8,498,210</b>	<b>494,203</b>
<b>Undistributed Expenditures - Health Services:</b>					
Salaries	385,641	-	385,641	374,048	11,593
Purchased Professional and Technical Services	189,000	-	189,000	117,462	71,538
Supplies and Materials	10,853	-	10,853	2,965	7,888
Other Objects	3,500	-	3,500	85	3,415
<b>Total Undistributed Expenditures - Health Services</b>	<b>588,994</b>	<b>-</b>	<b>588,994</b>	<b>494,560</b>	<b>94,434</b>
<b>Undistributed Expenditures - Other Support Services - Students - Speech, OT, PT &amp; Related Services:</b>					
Salaries	864,725	(2,900)	861,825	845,526	16,299
Supplies and Materials	7,427	-	7,427	7,324	103
<b>Total Undistributed Expenditures - Other Support Services - Students - Speech, OT, PT &amp; Related Services:</b>	<b>872,152</b>	<b>(2,900)</b>	<b>869,252</b>	<b>852,850</b>	<b>16,402</b>
<b>Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:</b>					
Salaries	556,206	134,615	690,821	675,817	15,004
Purchased Professional - Educational Services	7,500	(1,000)	6,500	2,882	3,618
Supplies and Materials	4,500	1,000	5,500	5,424	76
<b>Total Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:</b>	<b>568,206</b>	<b>134,615</b>	<b>702,821</b>	<b>684,123</b>	<b>18,698</b>

**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, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	836,401	(61,488)	774,913	722,232	52,681
Salaries of Secretarial and Clerical Assistants	115,691	18,021	133,712	133,712	-
Other Purchased Services	3,200	-	3,200	1,156	2,044
Supplies and Materials	7,847	-	7,847	1,142	6,705
Other Objects	30,000	-	30,000	24,944	5,056
<b>Total Undistributed Expenditures - Other Support Services - Students - Child Study Team:</b>	<b>993,139</b>	<b>(43,467)</b>	<b>949,672</b>	<b>883,186</b>	<b>66,486</b>
Undistributed Expenditures - Educational Media Serv./Sch. Library					
Salaries	30,582	(24,582)	6,000	5,472	528
Purchased Professional and Technical Services	5,000	-	5,000	5,000	-
Other Purchased Services	1,300	-	1,300	1,300	-
Supplies and Materials	4,983	-	4,983	4,983	-
<b>Total Undistributed Expenditures -Edu. Media Serv/Sch Library</b>	<b>41,865</b>	<b>(24,582)</b>	<b>17,283</b>	<b>16,755</b>	<b>528</b>
Undistributed Expenditures - Instructional Staff Training Services					
Purchased Professional - Educational Services	15,200	-	15,200	15,098	102
Other Purchased Services	17,000	-	17,000	-	17,000
Supplies and Materials	6,000	-	6,000	4,931	1,069
<b>Total Undistributed Expenditures -Instructional Staff Training Services</b>	<b>38,200</b>	<b>-</b>	<b>38,200</b>	<b>20,029</b>	<b>18,171</b>
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	182,959	2,900	185,859	185,859	-
Legal Services	40,000	-	40,000	33,356	6,644
Audit Fees	25,000	-	25,000	24,000	1,000
Other Purchased Professional Services	7,200	-	7,200	-	7,200
Communications/Telephone	53,000	-	53,000	50,342	2,658

**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, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Board of Education Other Purchased Services	2,500	-	2,500	35	2,465
Other Purchased Services	72,273	-	72,273	64,135	8,138
General Supplies	11,500	-	11,500	3,416	8,084
BOE In-House Training/Meeting Supplies	3,700	-	3,700	429	3,271
Judgments Against the School District	-	-	-	-	-
Miscellaneous Expenditures	4,900	-	4,900	2,224	2,676
BOE Membership Dues and Fees	6,370	-	6,370	6,121	249
<b>Total Undistributed Expenditures - Support Services - Gen. Admin.</b>	<b>409,402</b>	<b>2,900</b>	<b>412,302</b>	<b>369,917</b>	<b>42,385</b>
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	393,883	43,467	437,350	437,350	-
Salaries of Secretarial and Clerical Assistants	238,146	(46,515)	191,631	189,902	1,729
Other Salaries	27,000	-	27,000	300	26,700
Judgements Against the School District	-	105,000	105,000	105,000	-
Other Purchased Services	9,500	1,000	10,500	8,628	1,872
Supplies and Materials	20,200	(1,000)	19,200	13,982	5,218
Other Objects	4,860	-	4,860	2,120	2,740
<b>Total Undistributed Expenditures - Support Serv. - School Admin.</b>	<b>693,589</b>	<b>101,952</b>	<b>795,541</b>	<b>757,282</b>	<b>38,259</b>
Undistributed Expenditures - Central Services					
Salaries	641,641	-	641,641	612,522	29,119
Purchased Professional Services	44,997	-	44,997	34,468	10,529
Miscellaneous Purchased Services	24,500	-	24,500	16,875	7,625
Supplies and Materials	24,300	-	24,300	9,968	14,332
Miscellaneous Expenses	2,500	-	2,500	2,064	436
<b>Total Undistributed Expenditures - Central Services</b>	<b>737,938</b>	<b>-</b>	<b>737,938</b>	<b>675,897</b>	<b>62,041</b>
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	62,824	-	62,824	62,219	605
Supplies and Materials	5,000	-	5,000	4,224	776
<b>Total Undistributed Expenditures - Admin. Info. Tech.</b>	<b>67,824</b>	<b>-</b>	<b>67,824</b>	<b>66,443</b>	<b>1,381</b>

**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, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>Undistributed Expenditures - Required Maintenance for School Facilities of Plant Services:</b>					
Salaries	361,269	30,500	391,769	383,782	7,987
Cleaning, Repair and Maintenance Services	211,637	(32,000)	179,637	167,546	12,091
General Supplies	88,416	-	88,416	73,097	15,319
Other Objects	12,798	-	12,798	12,798	-
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>674,120</b>	<b>(1,500)</b>	<b>672,620</b>	<b>637,223</b>	<b>35,397</b>
<b>Undistributed Expenditures - Operation and Maintenance of Plant Services:</b>					
Salaries	253,225	(30,500)	222,725	184,826	37,899
Purchased Professional and Technical Services	11,520	-	11,520	4,255	7,265
Cleaning, Repair, and Maintenance Services	63,215	(12,000)	51,215	38,423	12,792
Rental of Land & Bldgs other than Lease Purchase	-	5,000	5,000	5,000	-
Other Purchased Property Services	37,316	-	37,316	26,721	10,595
General Supplies	37,708	-	37,708	26,776	10,932
Energy (Electricity)	310,000	44,000	354,000	354,000	-
Energy (Natural Gas)	86,625	15,000	101,625	93,936	7,689
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant Services</b>	<b>799,609</b>	<b>21,500</b>	<b>821,109</b>	<b>733,937</b>	<b>87,172</b>
<b>Undistributed Expenditures - Care &amp; Upkeep of Grounds</b>					
Cleaning, Repair, and Maintenance Services	30,750	-	30,750	14,938	15,812
General Supplies	11,339	-	11,339	10,524	815
<b>Total Undistributed Expenditures - Care &amp; Upkeep of Grounds</b>	<b>42,089</b>	<b>-</b>	<b>42,089</b>	<b>25,462</b>	<b>16,627</b>
<b>Undistributed Expenditures - Security</b>					
Salaries	77,320	-	77,320	76,577	743
Purchased Professional and Technical Services	49,576	-	49,576	49,576	-
General Supplies	3,780	-	3,780	2,620	1,160
<b>Total Undistributed Expenditures - Security</b>	<b>130,676</b>	<b>-</b>	<b>130,676</b>	<b>128,773</b>	<b>1,903</b>

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, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other than Between Home and School) - Vendors	55,000	-	55,000	38,981	16,019
Other Objects	7,757	-	7,757	-	7,757
<b>Total Undistributed Expenditures - Student Transportation Serv.</b>	<b>62,757</b>	<b>-</b>	<b>62,757</b>	<b>38,981</b>	<b>23,776</b>
Unallocated Benefits:					
Social Security Contributions	422,418	-	422,418	394,816	27,602
Other Retirement Contributions	432,220	134,131	566,351	566,351	-
Other Retirement Contributions - DCRP		1,000	1,000	133	867
Unemployment Compensation	18,659	-	18,659	-	18,659
Worker's Compensation	284,070	-	284,070	280,440	3,630
Health Benefits	3,906,500	(174,031)	3,732,469	3,201,343	531,126
Tuition Reimbursement	35,500	-	35,500	18,237	17,263
Other Employee Benefits	10,800	-	10,800	5,600	5,200
<b>Total Unallocated Benefits</b>	<b>5,110,167</b>	<b>(38,900)</b>	<b>5,071,267</b>	<b>4,466,920</b>	<b>604,347</b>
Reimbursed TPAF Social Security Contributions (non-budgeted)				619,558	(619,558)
On-behalf TPAF Contributions (non-budgeted)				547,277	(547,277)
<b>Total On-behalf Contributions</b>				<b>1,166,835</b>	<b>(1,166,835)</b>
<b>Total Undistributed Expenditures</b>	<b>11,830,727</b>	<b>149,618</b>	<b>11,980,345</b>	<b>12,019,173</b>	<b>(38,828)</b>
<b>Total Current Expense</b>	<b>20,992,758</b>	<b>(20,000)</b>	<b>20,972,758</b>	<b>20,517,383</b>	<b>455,375</b>

**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, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>Capital Outlay:</b>					
Interest Earned on Capital Reserve	120	-	120	-	120
Equipment:					
Multiple Disabilities	25,000	-	25,000	14,250	10,750
Undistributed Expenditures:					
Instruction	12,503	-	12,503	-	12,503
Support Services - Instructional Support Services	3,000	-	3,000	-	3,000
School Administration	12,100	-	12,100	-	12,100
Central Services	17,500	-	17,500	-	17,500
Required Maintenance for School Fac.	43,345	-	43,345	33,364	9,981
Custodial Services	3,500	-	3,500	-	3,500
Care and Upkeep of Grounds	6,000	-	6,000	-	6,000
Security	2,500	-	2,500	-	2,500
<b>Total Equipment</b>	<b>125,568</b>	<b>-</b>	<b>125,568</b>	<b>47,614</b>	<b>77,954</b>
Facilities Acquisition and Construction Services:					
Legal Services	2,500	-	2,500	-	2,500
Architect Services	-	-	-	-	-
Total Facilities Acquisition and Construction Services	2,500	-	2,500	-	2,500
<b>Total Capital Outlay</b>	<b>128,068</b>	<b>-</b>	<b>128,068</b>	<b>47,614</b>	<b>80,454</b>
<b>Total Expenditures</b>	<b>21,120,826</b>	<b>(20,000)</b>	<b>21,100,826</b>	<b>20,564,997</b>	<b>535,829</b>

**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, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	(896,272)	20,000	(876,272)	613,342	1,489,614
Other Financing Sources (Uses):					
Cancellation of Prior Year Payables				6,809	6,809
Increase in Capital Reserve				75,000	75,000
Transfer to Capital Reserve				(75,000)	(75,000)
Operating Transfers Out:					
Transfer to Capital Projects Fund	(54,340)	(119,414)	(119,414)	(119,414)	-
Transfer to Food Service Fund - Board Contribution		(20,000)	(74,340)	(74,340)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(950,612)	(119,414)	(1,070,026)	426,397	1,496,423
Fund Balances, July 1	3,154,939	-	3,154,939	4,304,070	1,149,131
Fund Balances, June 30	<u>2,204,327</u>	<u>(119,414)</u>	<u>2,084,913</u>	<u>4,730,467</u>	<u>2,645,554</u>

**Recapitulation of Fund Balance:**

**Committed Fund Balance:**

Capital Reserve 220,876  
Designated for Subsequent Year's Expenditures 1,944,977

**Unassigned Fund Balance**

2,564,614

4,730,467

Reconciliation to Governmental Funds Statements (GAAP)  
Last State Aid Payment Not Recognized on GAAP Basis

-

Fund Balance per Governmental Funds (GAAP)

4,730,467

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, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources		24,000	24,000	9,783	(14,217)
Total - Local Sources	-	24,000	24,000	9,783	(14,217)
State Sources:					
Other Restricted Entitlements	\$ 250,000	(250,000)	-	-	-
Total - State Sources	250,000	(250,000)	-	-	-
<b>Total Revenues</b>	<b>250,000</b>	<b>(226,000)</b>	<b>24,000</b>	<b>9,783</b>	<b>(14,217)</b>

**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, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	250,000	(249,000)	1,000	-	1,000
General Supplies		17,595	17,595	9,112	8,483
<b>Total instruction</b>	250,000	(231,405)	18,595	9,112	9,483
<b>Support Services</b>					
Purchased Prof & Technical Services		500	500	-	500
Other Purchased Services		2,105	2,105	500	1,605
Travel		2,800	2,800	171	2,629
<b>Total support services</b>	-	5,405	5,405	671	4,734
<b>Total expenditures</b>	250,000	(226,000)	24,000	9,783	14,217
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, 2011**

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

		General Fund	Special Revenue
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	C-1; C-2	\$ 21,178,339	9,783
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			
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	21,178,339	9,783
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-2	20,564,997	9,783
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			
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	\$ 20,564,997	9,783

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## **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.

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**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, 2011

	Atlantcare Health Grant	Learn & Serve Health Grant	Total 2010
<b>REVENUES:</b>			
State Sources	-		-
Federal Sources	-		-
Other Sources	4,581	5,202	9,783
Total revenues	4,581	5,202	9,783
<b>EXPENDITURES:</b>			
Instruction:			
General supplies	4,581	4,531	9,112
Total instruction	4,581	4,531	9,112
Support services:			
Other Purchased Services		500	500
Travel		171	171
Total support services	-	671	671
Total expenditures	4,581	5,202	9,783

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## **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.

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**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, 2011**

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP		Unexpended Appropriations 6/30/2011
			Expenditures to Date Prior Years	Current Year	
Site Parking, Drive & Drainage improvements	7/23/2010	\$ 199,022	-	20,492	178,530
Totals		\$ 199,022	-	20,492	178,530

**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, 2011**

**Revenue and Other Financing Sources**

Transfer from capital outlay	\$ 119,414
Total revenues	119,414

**Expenditures and Other Financing Uses**

Purchased professional and technical services	20,492
Total expenditures	20,492
Excess (deficiency) of revenues over (under) expenditures	98,922
Fund balance- beginning	-
Fund balance - ending	\$ 98,922

**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  
Site Parking, Drive & Drainage Improvements  
From Inception and for the Year Ended June 30, 2011**

	Prior Periods	Current Period	Totals	Revised Authorized Cost
<b>Revenue and Other Financing Sources</b>				
Educational Facilities Const. Grant	\$ -		-	79,608
Transfer from General Fund		119,414	119,414	119,414
Total revenues	<u>-</u>	<u>119,414</u>	<u>119,414</u>	<u>199,022</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Prof & Tech Services		20,492	20,492	35,750
Construction services			-	163,272
Total expenditures	<u>-</u>	<u>20,492</u>	<u>20,492</u>	<u>199,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>98,922</u>	<u>98,922</u>	<u>-</u>

**Additional project information:**

Project Number	0125-030-10-1001
Grant Date	July 23, 2010
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 199,022
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 199,022

Percentage Increase over Original Authorized Cost	0%
Percentage completion	10%
Original target completion date	June 30, 2011
Revised target completion date	October 31, 2011

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## 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.

**County Programs Fund** - This fund represents contacts with the County of Atlantic for the provision of educational programs and health services.

**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.

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**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, 2011**

	School to Careers	County Programs	Itinerant Services	Child Study Team	State Programs	Total Non-major Funds
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 8,942	57,609	68,102		49,255	183,908
Accounts Receivable:						
Other	1,985	83,941	20,549			106,475
<b>Total Current Assets</b>	<u>10,927</u>	<u>141,550</u>	<u>88,651</u>	<u>-</u>	<u>49,255</u>	<u>290,383</u>
<b>Total assets</b>	<u>10,927</u>	<u>141,550</u>	<u>88,651</u>	<u>-</u>	<u>49,255</u>	<u>290,383</u>
<b>LIABILITIES AND FUND EQUITY:</b>						
<b>Current liabilities:</b>						
Accounts payable	4,468	2,261	2,012			8,741
Interfund payable		930				930
<b>Total liabilities</b>	<u>4,468</u>	<u>3,191</u>	<u>2,012</u>	<u>-</u>	<u>-</u>	<u>9,671</u>
<b>Net Assets</b>						
Unrestricted	6,459	138,359	86,639		49,255	280,712
<b>Total net assets</b>	<u>6,459</u>	<u>138,359</u>	<u>86,639</u>	<u>-</u>	<u>49,255</u>	<u>280,712</u>
<b>Total liabilities and fund equity</b>	<u>\$ 10,927</u>	<u>141,550</u>	<u>88,651</u>	<u>-</u>	<u>49,255</u>	<u>290,383</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, 2011

	Business-type Activities - Enterprise Fund						Total Non-major Funds
	School to Careers	County Programs	Itinerant Services	Child Study Team	State Programs		
Operating revenues:							
Charges for services:							
Fee for Service	\$ 42,148		272,058		77,000		391,206
County Aid Payments		356,808					356,808
Total operating revenues	<u>42,148</u>	<u>356,808</u>	<u>272,058</u>	<u>-</u>	<u>77,000</u>	<u>-</u>	<u>748,014</u>
Operating expenses:							
Salaries	30,108	355,795	180,420		50,479		616,802
Employee Benefits		77,756	26,378		18,960		123,094
Travel		1,494	454				1,948
General Supplies		942	422				1,364
General Administration		19,450					19,450
Total Operating Expenses	<u>30,108</u>	<u>455,437</u>	<u>207,674</u>	<u>-</u>	<u>69,439</u>	<u>-</u>	<u>762,658</u>
Operating income (loss)	<u>12,040</u>	<u>(98,629)</u>	<u>64,384</u>	<u>-</u>	<u>7,561</u>	<u>(14,644)</u>	<u>(14,644)</u>
Income (loss) before contributions & transfers							
Capital contributions							
Transfers in (out)				(57,560)			-
Change in net assets				(57,560)			(14,644)
Total net assets—beginning	(5,581)	236,988	(35,305)	57,560	41,694		295,356
Total net assets—ending	<u>\$ 6,459</u>	<u>138,359</u>	<u>86,639</u>	<u>-</u>	<u>49,255</u>	<u>-</u>	<u>280,712</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, 2011**

**Business-type Activities -**  
**Enterprise Funds**

	<b>School to Careers</b>	<b>County Programs</b>	<b>Itinerant Services</b>	<b>Child Study Team</b>	<b>State Programs</b>	<b>Total Non-major Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 43,453	336,220	274,757	2,718	95,488	752,636
Payments for salaries	(35,456)	(355,795)	(178,662)		(50,479)	(620,392)
Payments for benefits		(77,756)	(26,244)		(18,960)	(122,960)
Other costs		(21,819)	(756)	(13,656)		(36,231)
Net cash provided by/(used for) operating activities	<u>7,997</u>	<u>(119,150)</u>	<u>69,095</u>	<u>(10,938)</u>	<u>26,049</u>	<u>(26,947)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Operating subsidies and transfers from/(to) other funds			(993)	(57,560)		(58,553)
Net cash provided by/(used for) non-capital financing activities	<u>-</u>	<u>-</u>	<u>(993)</u>	<u>(57,560)</u>	<u>-</u>	<u>(58,553)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
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>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
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	7,997	(119,150)	68,102	(68,498)	26,049	(85,500)
Balances—beginning of year	945	176,759	-	68,498	23,206	269,408
Balances—end of year	<u>8,942</u>	<u>57,609</u>	<u>68,102</u>	<u>-</u>	<u>49,255</u>	<u>183,908</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	12,040	(98,629)	64,384	-	7,561	(14,644)
Adjustments to reconcile operating income (loss) to net cash provided by/(used for) operating activities						
(Increase)/Decrease in accounts receivable, net	1,305	(20,588)	2,699	2,718	18,488	4,622
Increase/(Decrease) in accounts payable	(5,348)	(863)	2,012	(13,656)	-	(17,855)
Increase/(Decrease) in interfund payable		930				930
Total adjustments	<u>(4,043)</u>	<u>(20,521)</u>	<u>4,711</u>	<u>(10,938)</u>	<u>18,488</u>	<u>(12,303)</u>
Net cash provided by (used for) operating activities	<u>\$ 7,997</u>	<u>(119,150)</u>	<u>69,095</u>	<u>(10,938)</u>	<u>26,049</u>	<u>(26,947)</u>

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## 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.

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**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
(A Component Unit of the County of Atlantic)  
Trust and Agency Fund  
Combining Balance Sheet  
June 30, 2011**

	Trust Funds	Agency		
	Expendable	Student	Payroll	Totals
	Unemployment	Activity	Payroll	Totals
ASSETS:				
Cash and cash equivalents	\$ 80,868	82,719	35,717	199,304
Accounts Receivable		-		-
Due from the Payroll Agency Fund	10,680			10,680
Total Assets	<u>91,548</u>	<u>82,719</u>	<u>35,717</u>	<u>209,984</u>
LIABILITIES AND EQUITY:				
Liabilities:				
Due to State of New Jersey	4,039			4,039
Due to Unemployment			10,680	10,680
Due to General Fund			5,845	5,845
Payroll Deductions Payable			19,192	19,192
Due to student groups		82,719		82,719
Total Liabilities	<u>4,039</u>	<u>82,719</u>	<u>35,717</u>	<u>122,475</u>
Equity:				
Net Assets				
Reserved -				
Expendable Trust	87,509			87,509
Total equity	<u>87,509</u>	<u>-</u>	<u>-</u>	<u>87,509</u>
Total liabilities and equity	<u>\$ 91,548</u>	<u>82,719</u>	<u>35,717</u>	<u>209,984</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, 2011**

	<u>Unemployment Trust</u>	<u>Total Expendable Trust</u>
<b>ADDITIONS</b>		
Local sources:		
Interest on investments	\$ 706	706
Employee withholdings	34,250	34,250
	<u>34,956</u>	<u>34,956</u>
Total additions	<u>34,956</u>	<u>34,956</u>
<b>DEDUCTIONS</b>		
Payments of unemployment claims	35,877	35,877
Miscellaneous	855	855
	<u>36,732</u>	<u>36,732</u>
Total operating expenses	<u>36,732</u>	<u>36,732</u>
Change in net assets	<u>(1,776)</u>	<u>(1,776)</u>
Net Assets, July 1	<u>89,285</u>	<u>89,285</u>
Net Assets, June 30	<u>\$ 87,509</u>	<u>87,509</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, 2011**

	Balance <u>July 1, 2010</u>	Additions	Deletions	Balance <u>July 1, 2011</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 84,182	46,553	48,016	82,719
Total assets	<u>84,182</u>	<u>46,553</u>	<u>48,016</u>	<u>82,719</u>
<b>LIABILITIES:</b>				
Due to Student groups	84,182	46,553	48,016	82,719
Total liabilities	<u>\$ 84,182</u>	<u>46,553</u>	<u>48,016</u>	<u>82,719</u>

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year ended June 30, 2011**

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 123,288	7,952,403	8,039,974	35,717
Accounts Receivable	10,810		10,810	-
Total assets	<u>123,288</u>	<u>7,952,403</u>	<u>8,050,784</u>	<u>35,717</u>
<b>LIABILITIES:</b>				
Due to General Fund	-	5,845		5,845
Due to Unemployment Trust	-	10,680		10,680
Payroll deductions and withholdings	134,098	7,935,878	8,050,784	19,192
Total liabilities	<u>\$ 134,098</u>	<u>7,952,403</u>	<u>8,050,784</u>	<u>35,717</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.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>									
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	24,384,588	23,554,439
Restricted	355,646	307,656	157,332	955,931	31,812	91,657	189,785	282,157	220,876
Unrestricted	2,210,847	2,566,316	2,787,499	1,827,395	2,731,409	1,400,018	3,433,760	3,502,274	4,063,779
<b>Total governmental activities net assets</b>	<u>26,599,341</u>	<u>30,478,472</u>	<u>30,305,083</u>	<u>29,615,519</u>	<u>28,931,709</u>	<u>27,373,128</u>	<u>28,718,644</u>	<u>28,169,019</u>	<u>27,839,094</u>
<b>Business-type activities</b>									
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	1,395,560	1,398,487
Restricted	840,101	624,616	597,623	1,389,604	-	3,514,536	4,002,781	3,208,924	2,268,554
Unrestricted	-	-	-	-	2,482,583	4,825,360	5,285,688	4,604,484	3,667,041
<b>Total business-type activities net assets (as restated)</b>	<u>1,548,770</u>	<u>2,687,857</u>	<u>2,401,861</u>	<u>2,858,428</u>	<u>3,852,687</u>	<u>4,825,360</u>	<u>5,285,688</u>	<u>4,604,484</u>	<u>3,667,041</u>
<b>District-wide</b>									
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	25,780,148	24,952,926
Restricted	1,195,747	932,272	754,955	2,345,535	31,812	91,657	189,785	282,157	220,876
Unrestricted	2,210,847	2,566,316	2,787,499	1,827,395	5,213,992	4,914,554	7,436,541	6,711,198	6,332,333
<b>Total district net assets (as restated)</b>	<u>\$ 28,148,111</u>	<u>33,166,329</u>	<u>32,706,944</u>	<u>32,473,947</u>	<u>32,784,396</u>	<u>32,198,488</u>	<u>34,004,332</u>	<u>32,773,503</u>	<u>31,506,135</u>

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

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
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	11,576,216	11,149,067
Other instruction	720,451	750,387	786,832	828,345	829,755	837,669	997,651	1,087,259	1,103,773
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	4,333,611	4,251,924
General administrative services	1,069,819	1,053,223	1,100,890	1,262,042	1,468,481	1,526,928	1,433,617	1,497,142	1,090,689
School administrative services	813,517	799,312	868,122	883,176	936,755	899,442	970,627	912,734	1,601,949
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	2,137,797	2,196,979
Pupil transportation	70,812	26,767	36,344	49,498	80,109	46,257	51,088	61,297	56,145
Capital Outlay					13,932	2,443	232	2,067	-
Total governmental activities expenses	16,778,920	18,885,608	18,604,014	19,359,648	20,869,983	21,532,313	20,930,614	21,608,123	21,450,516
Business-type activities:									
Food service	406,736	611,816	623,917	632,269	643,922	674,572	663,687	669,690	673,023
Transportation	4,133,007	4,562,390	4,765,543	4,896,803	6,448,539	6,971,980	7,109,580	6,780,310	7,022,680
Teachers Aide Services					1,549,906	1,432,445	2,276,341	2,583,110	2,471,358
Other	3,439,313	4,206,992	4,279,220	4,105,467	821,645	857,809	928,638	751,589	762,658
Total business-type activities expense	7,979,056	9,381,198	9,668,680	9,634,539	9,464,012	9,936,806	10,978,246	10,784,699	10,929,719
Total district expenses	24,757,976	28,266,806	28,272,694	28,994,187	30,333,995	31,469,119	31,908,860	32,392,822	32,380,236
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
Instruction (tuition)									
Operating grants and contributions	13,384,306	14,764,215	15,146,959	15,608,045	16,472,680	15,603,048	18,841,028	17,521,091	17,736,399
Total governmental activities program revenues	775,044	680,813	710,088	801,462	267,387	311,074	261,085	251,596	9,783
Total district program revenues	14,159,350	15,445,028	15,857,047	16,409,507	16,740,067	15,914,122	19,102,113	17,772,687	17,746,182
Business-type activities:									
Charges for services:									
Food service	57,231	168,035	253,566	244,643	255,966	265,261	266,283	251,918	257,233
Transportation	3,902,287	3,623,946	4,090,338	4,980,494	6,936,288	7,260,097	7,695,337	6,597,983	6,576,257
Teachers Aide Services					2,054,005	2,137,523	2,301,864	2,123,816	2,119,577
Other	3,711,370	4,488,548	4,660,801	4,546,736	849,697	926,849	784,983	764,303	748,014
Operating grants and contributions	204,023	219,662	209,893	229,233	203,712	211,948	235,763	231,675	215,087
Total business type activities program revenues	7,874,911	8,500,191	9,214,598	10,001,106	10,299,668	10,801,678	11,284,230	9,969,695	9,916,168
Total district program revenues	22,034,261	23,945,219	25,071,645	26,410,613	27,039,725	26,715,800	30,386,343	27,742,382	27,662,350
<b>Net (Expense)/Revenue</b>									
Governmental activities	(2,619,570)	(3,440,580)	(2,746,967)	(2,950,141)	(4,129,916)	(5,618,191)	(1,828,501)	(3,835,436)	(3,704,334)
Business-type activities	(104,145)	(881,007)	(454,082)	366,567	835,646	864,872	305,984	(815,004)	(1,013,551)
Total district-wide net expense	(2,723,715)	(4,321,587)	(3,201,049)	(2,583,574)	(3,294,270)	(4,753,319)	(1,522,517)	(4,650,440)	(4,717,885)
<b>General Revenues and Other Changes in Net Assets</b>									
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	1,980,000	1,980,000
Federal & State Aid - not restricted					1,472,193	1,471,192	1,219,541	1,293,710	1,316,894
Investment earnings	80,191	27,712							

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

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Miscellaneous income	389,286	572,919	916,662	550,574	218,813	224,737	85,904	79,491	145,046
Transfers	71,035		(90,000)	(90,000)	(98,900)	(107,801)	(117,503)	(128,078)	(74,340)
Contributed Services						535,000			
Cancellation of Prior Year Payables						17,017	7,114	185	6,809
Loss on the Disposal of Fixed Assets						(535)	(1,039)		
Adjustment to Fixed Assets									
Total governmental activities	2,236,512	2,347,511	2,573,542	2,260,574	3,446,106	4,059,610	3,174,017	3,285,811	3,374,409
Business-type activities:									
Miscellaneous income	244,547	247,724	78,086	90,000	98,900	107,801	36,841	5,722	1,768
Transfers	(71,035)	90,000	90,000	90,000	98,900	107,801	117,503	128,078	74,340
Total business-type activities	173,512	337,724	168,086	90,000	98,900	107,801	154,344	133,800	76,108
Total district-wide	2,410,024	2,685,235	2,741,628	2,350,574	3,545,006	4,167,411	3,328,361	3,419,611	3,450,517
<b>Change in Net Assets</b>									
Governmental activities	(383,058)	(1,093,069)	(173,425)	(689,567)	(683,810)	(1,556,581)	1,345,516	(549,625)	(329,925)
Business-type activities	69,367	(543,283)	(285,996)	456,567	934,546	972,673	460,328	(681,204)	(937,443)
Total district	\$ (313,691)	(1,636,352)	(459,421)	(233,000)	250,736	(585,908)	1,805,844	(1,230,829)	(1,267,368)

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

Source: CAFR Schedule A-2

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

	2003	2004	2005	2006	Fiscal Year Ending June 30, 2007	2008	2009	2010	2011
General Fund									
Committed									
Unassigned	\$ 192,150	777,411	313,019	739,139	30,866	91,657	189,785	282,157	2,165,853
Reserved	2,610,810	2,309,594	3,094,651	2,413,589	3,403,738	1,960,068	3,947,903	4,021,913	2,564,614
Unreserved	2,802,960	3,087,005	3,407,670	3,152,728	3,434,604	2,051,725	4,137,688	4,304,070	4,730,467
Total general fund									
All Other Governmental Funds									
Unreserved, reported in:									
Capital projects fund	328,496	280,245	129,317	216,792	57,097	43,651	5,302	-	98,922
Total all other governmental funds	\$ 328,496	280,245	129,317	216,792	57,097	43,651	5,302	-	98,922

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

Beginning with fiscal year ended June 30, 2011 the District was required to comply with GASB 54, which required a change in the method of presentation of fund balances.

Source: CAFR Schedule B-1

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Tax levy	1,562,550	1,696,000	1,746,880	1,746,880	1,800,000	1,854,000	1,920,000	1,980,000	1,980,000	1,980,000
Tuition charges	11,223,610	13,384,306	14,764,215	15,146,959	15,608,045	16,472,680	15,603,048	18,663,965	17,392,609	17,647,674
Interest Earnings				608	399	240	1,451	232	2,067	187
Miscellaneous	262,307	469,476	600,630	644,507	525,506	256,282	266,354	262,735	217,815	243,367
State sources	655,263	598,918	612,648	692,070	780,679	1,536,806	1,593,192	1,340,697	1,338,193	1,166,835
Federal sources	725,937	176,126	68,165	18,017	20,783	164,119	146,006	139,929	195,204	150,059
Total revenue	14,429,667	16,324,826	17,792,538	18,249,041	18,735,412	20,284,127	19,530,051	22,387,558	21,125,888	21,188,122
<b>Expenditures</b>										
Instruction										
Other special instruction	5,933,519	7,201,461	7,006,573	7,356,264	7,531,542	8,106,420	8,660,639	8,131,439	8,144,280	7,740,956
Other instruction	449,812	551,663	568,770	581,703	601,031	579,596	595,696	714,247	764,925	766,366
Support Services:										
Student & instruction related services	2,245,358	2,564,670	2,782,495	2,686,137	2,665,728	2,708,285	2,842,206	2,827,806	3,048,849	2,952,174
General administrative services	371,318	443,664	458,072	378,923	387,956	406,760	400,707	357,009	399,463	369,917
School Administrative services	501,736	628,195	612,636	649,999	647,647	654,337	639,625	694,900	642,141	757,282
Business administrative services	326,390	435,272	400,945	571,736	612,504	618,996	685,146	669,359	688,275	742,340
Plant operations and maintenance	935,347	1,343,937	1,248,241	1,174,284	1,343,555	1,437,906	1,453,742	1,553,333	1,504,016	1,525,395
Pupil transportation	93,767	70,813	26,768	36,344	49,497	55,957	32,895	36,576	43,125	38,981
Unallocated employee benefits	2,465,818	3,295,408	3,672,037	4,135,849	4,524,885	5,217,429	5,449,594	5,149,836	5,517,452	5,633,755
Capital outlay	700,238	605,799	780,207	418,068	448,563	278,306	610,342	95,050	84,389	68,106
Total expenditures	14,023,303	17,140,882	17,556,744	17,989,307	18,812,908	20,063,992	21,370,592	20,229,555	20,836,915	20,595,272
Excess (Deficiency) of revenues over (under) expenditures	406,364	(816,056)	235,794	259,734	(77,496)	220,135	(1,840,541)	2,158,003	288,973	592,850
<b>Other Financing sources (uses)</b>										
Contributed Services							535,000			
Cancellation of Prior Year Payables							17,017	7,114	185	6,809
Increase in Capital Reserve								100,000	156,749	75,000
Transfer to Capital Reserve								(100,000)	(100,000)	(75,000)
Transfer from Emergency Reserve									(56,749)	
Transfers in	200,650	356,685		(90,000)	(90,000)	(98,900)	(107,801)	(117,503)	(128,078)	119,414
Transfers out	(80,000)	(285,650)		(90,000)	(90,000)	(98,900)	444,216	(110,389)	(127,893)	(193,754)
Total other financing sources (uses)	120,650	71,035	-	(90,000)	(90,000)	(98,900)	444,216	(110,389)	(127,893)	(67,531)
Net change in fund balances	527,014	(745,021)	235,794	169,734	(167,496)	121,235	(1,396,325)	2,047,614	161,080	525,319
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
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
2010	17,392,609	70,160	149,722	17,612,491
2011	17,647,674	187	243,367	17,891,228

Source: District Records

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

<b>Function/Program</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Instruction										
Regular	7	9	9	8	8	8	8	10	10	10
Special Education instruction	69	67	58	64	62	58	60	57	57	57
Other special education instruction	141	158	151	163	157	157	160	141	154	145
Other instruction	8	8	9	9	9	6	6	5	6	5
Nonpublic school programs	2	2	2	2	2	2	2	3	3	4
Support Services:										
Student & instruction related services	45	46	47	47	48	46	43	44	48	43
General administrative services	4	4	4	2	2	2	2	2	2	2
School administrative services	9	9	9	9	9	9	10	10	10	9
Business administrative services	8	7	7	10	10	10	11	11	12	13
Plant operations and maintenance	11	13	11	10	11	16	16	17	16	17
Pupil transportation	124	120	107	120	123	125	127	126	122	130
Food Service	5	5	9	9	8	8	9	9	9	9
<b>Total</b>	<b>433</b>	<b>448</b>	<b>423</b>	<b>453</b>	<b>449</b>	<b>447</b>	<b>454</b>	<b>435</b>	<b>449</b>	<b>444</b>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2002	515	13,791,085	26,779	5.56%	69	8:1	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	8:1	520	478	0.97%	91.92%
2004	512	17,187,198	33,569	3.92%	58	8.6:1	8.6:1	8.7:1	512	465	-1.54%	90.82%
2005	508	17,528,535	34,505	2.79%	64	8.2:1	8.2:1	8.3:1	508	467	-0.78%	91.93%
2006	485	18,737,306	38,634	11.97%	62	8:1	8:1	8:1	479	425	-5.71%	88.73%
2007	470	19,785,686	42,097	8.97%	72	8:1	8:1	8:1	469	427	-2.09%	91.04%
2008	467	20,760,250	44,454	5.60%	60	8:1	8:1	8:1	467	427	-0.43%	91.43%
2009	500	20,760,250	41,521	-6.60%	67	8:1	8:1	8:1	490	440	4.93%	89.80%
2010	499	20,752,526	41,588	0.16%	57	8.6:1	8.6:1	8.8:1	476	426	-2.86%	89.50%
2011	457	20,527,166	44,917	8.00%	57	8:1	8.5:1	7.5:1	457	413	-3.99%	90.37%

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**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b><u>District Building</u></b>										
<b><u>Mays Landing Campus</u></b>										
Square Feet	55,000	55,000								
Capacity (students)	244	244								
Enrollment	248	271								
<b><u>Absecon Campus</u></b>										
Square Feet	14,500	14,500								
Capacity (students)	72	72								
Enrollment	135	129								
<b><u>Regional Day School Campus</u></b>										
Square Feet	13,500	13,500								
Capacity (students)	93	93								
Enrollment	51	51								
<b><u>Holstler Hall Corbin City Campus</u></b>										
Square Feet	7,400	7,400								
Capacity (students)	60	60								
Enrollment	80	70								
<b><u>Main Campus - Mays Landing (2003)</u></b>										
Square Feet			177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000
Capacity (students)			508	508	508	508	508	508	508	508
Enrollment			513	508	476	470	471	500	499	457
<b><u>Other Facilities</u></b>										
Administration										
Square Feet	5,225	5,225								
Transportation - Corbin City										
Square Feet	2,500	2,500								
Transportation - Mays Landing										
Square Feet			5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700
Number of Schools at June 30, 2010										
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 Ten Years  
*Unaudited*

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

School Facilities	Project # (s)	2011	2010	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	637,223	609,620	629,165	557,315	551,285	519,420	506,802	507,735	237,261	223,601
Mays Landing Campus - New	N/A										
Grand Total		\$ 637,223	609,620	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, 2011**  
**Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
Property, Inland Marine & Automobile Physical Damage Limit of Liability - per occurrence	43,153,269	5,000
Public Official Bonds		
Treasurer of School Monies	225,000	
Public Agency Compliance Officer	75,000	
Comprehensive General Liability Coverage Limit	31,000,000	
Electronic Data Processing	497,000	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	1,000,000	
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	31,000,000	
Standard Worker's Compensation & Employer's Liability Policy		
Workers Compensation-Coverage A	Statutory	
Employers' Liability Agreement-Coverage B	2,000,000	
School Board Legal Liability		
Coverage A	31,000,000	5,000
Coverage B each occurrence	100,000	5,000
policy period	300,000	
Pollution Liability per occurrence	1,000,000	10,000
aggregate	2,000,000	

Source: District Records.

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## **Single Audit Section**

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**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, 2011, which collectively comprises the District's basic financial statements, and have issued our report thereon dated October 20, 2011. 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

Management of the Atlantic County Special Services School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Atlantic County Special Services School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Atlantic County Special Services School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Atlantic County Special Services School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

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 deficiencies, 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 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 Division Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be 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 20, 2011.

This report is intended solely for the information and use of the audit 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  
Licensed Public School Accountant  
No. CS00499

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

October 20, 2011



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**Report on Compliance With Requirements That Could Have a Direct  
and Material Effect on Each Major Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A133  
And New Jersey Circular OMB 04-04**

**Independent Auditor's Report**

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

**Compliance**

We have audited the Atlantic County Special Services Board of Education's compliance 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 Grants Compliance Supplement* that could have a direct and material effect on each of the Atlantic County Special Services Board of Education's major federal and state programs for the year ended June 30, 2011. The Atlantic County Special Services Board of Education'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 Board of Education's management. Our responsibility is to express an opinion on the Atlantic County Special Services Board of Education'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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04, *New Jersey State Grants Compliance Supplement*. Those standards, OMB Circular A-133 and New Jersey OMB 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 Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Atlantic County Special Services Board of Education's compliance with those requirements.

In our opinion, , the Atlantic County Special Services Board of Education complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2011.

### **Internal Control Over Compliance**

Management of the Atlantic County Special Services Board of Education is responsible for establishing and maintaining effective internal control over compliance with the 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 Board of Education's internal control over compliance with the 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 compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

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

This report is intended solely for the information of the audit committee, management, Board of Education, the New Jersey State Department of Education (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  
Licensed Public School Accountant  
No. CS00499

*Swartz & Co., LLC*

Swartz & Co., LLC  
Certified Public Accountants

October 20, 2011

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
 (A Component Unit of the County of Atlantic)  
 Schedule of Expenditures of Federal Award  
 For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue	Due to Grantor
<b>U. S. Department of Agriculture</b>													
<b>Passed-through State Department of Educator</b>													
Enterprise Fund:													
Food Distribution Program	10.550		7/1/10 - 6/30/11	23,335			23,335	(23,335)					
School Breakfast Program	10.553		7/1/09 - 6/30/11	69,277	\$ (7,517)		7,517						
National School Lunch Program	10.555		7/1/09 - 6/30/11	66,478			66,478	(66,478)					
National School Lunch Program	10.555		7/1/09 - 6/30/11	121,306	(12,914)		12,914						
National School Lunch Program	10.555		7/1/10 - 6/30/11	122,451			122,451	(122,451)					
Total U.S. Department of Agriculture					(20,431)	-	232,695	(212,264)					
<b>U.S. Department of Educator</b>													
<b>Passed-through State Department of Educator</b>													
General Fund:													
Special Education Medicaid Aid	93.778		7/1/10 - 6/30/11	150,059			150,059	(150,059)					
Total General Fund							150,059	(150,059)					
<b>U.S. Department of Educator</b>													
<b>Passed-through Absecon Board of Educator</b>													
Special Revenue Fund													
IDEA Part B - Basic	84.027		9/1/09 - 8/31/10	182,963	(42,544)		42,304		240				
					(42,544)		42,304		240				
Total Federal Financial Awards					(62,975)		425,058	(362,323)	240				

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

**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, 2011**

Federal/Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Balance at June 30, 2011			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
<b>State Department of Education</b>														
General Fund:														
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/09-6/30/10	623,283	\$ (30,187)			301,877							623,283
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/10-6/30/11	619,558				589,477	(619,558)						619,558
Total General Fund				(30,187)			619,664	(619,558)						1,242,841
<b>Special Revenue Fund:</b>														
New Jersey Nonpublic Aid:														
Auxiliary Services:														
Compensatory Education	100-034-5120-037	7/1/09-6/30/10	129,393	(87,141)			87,141							87,141
Handicapped Education			54,033	(366)			366							52,665
Examination and Classification	100-034-5120-066	7/1/09-6/30/10	6,510	(697)			697							4,484
Connective Speech	100-034-5120-066	7/1/09-6/30/10	40,474	(10,537)			10,537							34,637
Supplementary Instruction														
Total Special Revenue Fund				(88,941)			88,941							178,927
<b>State Department of Agriculture</b>														
Enterprise Fund:														
National School Lunch Program (State Share)	100-034-5120-122	7/1/09-6/30/10	5,149	(543)			543							5,149
National School Lunch Program (State Share)	100-034-5120-122	7/1/10-6/30/11	2,823				2,823	(2,823)						2,823
School Breakfast Program (State Share)	100-034-5120-122	7/1/09-6/30/10	5,153	(547)			547							5,153
Total State Financial Assistance				(1,090)			3,913	(2,823)						13,125
				(130,218)			722,518	(622,381)						1,434,893

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, 2011**

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 \$547,277 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, 2011**

	<u>General fund</u>	<u>Food service fund</u>	<u>Total</u>
<b>State Assistance:</b>			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 619,558	2,823	622,381
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	547,277		547,277
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 1,166,835</u>	<u>2,823</u>	<u>1,169,658</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, 2011**

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
<b>Federal Assistance:</b>			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 150,059	212,264	362,323
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.			-
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>\$ 150,059</u>	<u>212,264</u>	<u>362,323</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, 2011. 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, 2011.

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
(A COMPONENT UNIT OF THE COUNTY OF ATLANTIC)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Section I -- Summary of Auditor's Results**

***Financial Statement***

Type of auditor's report issued	<u>Unqualified</u>		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ yes	<u>  X  </u> no	
• Significant deficiency(ies) identified?	_____ yes	<u>  X  </u> none reported	
Noncompliance material to financial statements noted?	_____ yes	<u>  X  </u> no	

***Federal Awards***

**NOT APPLICABLE**

Internal Control over major programs:			
• Material weakness(es) identified?	_____ yes	_____ no	
• Significant deficiency(ies) identified?	_____ yes	_____ none reported	
Type of auditor's report issued on compliance for major programs	_____		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	_____ yes	_____ no	

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar Threshold used to distinguish between type A and type B programs:	\$ _____
Auditee qualified as low-risk auditee?	_____ yes _____ no

**State Awards**

Internal Control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

Type of auditor's report issued on compliance major programs

\_\_\_\_\_ Unqualified \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with OMB Circular 04-04

\_\_\_\_\_ yes   X   no

Identification of major programs:

<u>GMS Number(s)</u>	<u>Name of State Program</u>
495-034-5095-002	Reimbursed TPAF Social Security Contributions

Dollar Threshold used to distinguish between type A and type B programs:

\$   300,000  

Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no

**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, 2011**

*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