

Comprehensive Annual Financial Report

of the

**Gloucester County
Special Services School District**

Deptford, New Jersey

**For The Fiscal Year Ended
June 30, 2016**

**GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
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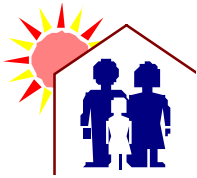
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INTRODUCTORY SECTION



GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

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856-468-6530 · FAX 856-468-1426

December 1, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Gloucester County Special Services School District (District), a component unit of the County of Gloucester, New Jersey, for the fiscal year ended June 30, 2016, 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 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 is presented in accordance with Governmental Accounting Standards Board Statement No. 34 and includes the Report of Independent Accountants, the Management and Discussion Analysis, the basic financial statements, required supplementary information, and the combining and individual fund financial statements. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Treasury Circular 15-08-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

Gloucester County Special Services School District, a component unit of the County of Gloucester, New Jersey, is a reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by NCGA Statement No. 3. All funds of the District are included in this report. The Gloucester County Special Services School District and all its programs/projects constitute the District's reporting entity. A list of services provided follows:

A. Special Education Programs

Gloucester County Special Services School District offers a wide array of educational services to the families of Gloucester County. The District provides a full continuum of educational services to children with special needs from birth to age 21. Programs offered during the 2015-2016 school year are as follows:

1. Multiple Disabilities

- Bankbridge Development Center – students ages 3 to 21
- Bankbridge Elementary School – students to grade 5
- Bankbridge Regional School – students grades 6 to 12
- Abilities Center – half day program for students ages 16 to 21

2. Behavioral Disabilities

- Bankbridge Elementary School – students to grade 6
- Bankbridge Regional School – students grades 6 to 12

3. Auditory Disabilities

- Bankbridge Elementary School – students to grade 6
- Shady Lane Child Development Center – students ages 3 to 5

4. Preschool Disabilities

- Bankbridge Development Center – full time
- Bankbridge Elementary School – full time
- Shady Lane Child Development Center – full time

5. Extended School Year

- Preschool Disabilities
- Behavior Disabilities
- Multiple Disabilities

B. Other Cooperative Programs and Services

The District also provides a wide range of quality cooperative educational programs and administrative services to public school districts and their boards of education. They include:

1. Alternative High School – students grades 9 to 12
2. Special Revenue Programs
 - a. McKinney Education for Homeless Children
 - b. Migrant Disabilities Service Project
 - c. Migrant/McKinney Summer School Project
 - d. Migrant Programs-Title I – Supplemental Instruction; Intervention; Support Services
 - e. New Jersey Character Education Partnership Act
 - f. School Based Youth Services Grant
3. Enterprise Programs
 - a. GCSSSD Center for Regional Educational Support Services (CRESS)
 1. Augmentative/Assistive Technology Consultation
 2. Autism Consultation/Support
 3. Behavior Consultation/Support
 4. Early Intervention
 5. Educational Consultant
 6. Educational Interpreter with Sign Language
 7. Homebound Instruction
 8. Inclusion Services
 9. Itinerant Specialized Teaching
 10. Occupational and Physical Therapy
 11. Occupational and Physical Therapy Assistant
 12. Parent Workshops
 13. Sign Language Instruction
 14. Social Skills Training Groups
 15. Social Worker
 16. Speech-Language Therapy
 17. Substitute Nurse Clearinghouse
 18. Teacher of the Deaf
 19. Therapeutic Recreation – County of Gloucester
 - b. GCSSSD Nonpublic Services
 1. Nonpublic School Health Services – Chapter 226
 2. Chapter 192
 - Compensatory Education
 - English as a Second Language
 - Home Instruction
 3. Chapter 193
 - Child Study Team Evaluations
 - Speech Correction
 - Supplementary Instruction

- c. Business
 - 1. Computer Services (Educational Management by Computer Center)
 - 2. Cooperative Transportation – Gloucester/Salem Counties
 - 3. Employee Assistance Program (EAP) – Administrative Support
 - 4. Food Service Program
 - 5. Nonpublic Technology/Administration
 - 6. Nonpublic Textbooks/Administration

- d. Special Projects
 - 1. Additional Remedial Services
 - 2. Auxiliary Examination and Classification
 - 3. Auxiliary Speech Services
 - 4. Goals for Youth
 - 5. Together Shelter – Instructional Services
 - 6. Migrant Education

- e. Other Projects
 - 1. Gloucester County Safe Schools Program
 - 2. One-on-one Teacher Assistants Program

Special Education
Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2015-2016	704.7	-3.11%
2014-2015	727.3	-0.44%
2013-2014	730.5	-1.02%
2012-2013	738.1	6.58%
2011-2012	730.2	5.44%
2010-2011	692.5	-9.14%
2009-2010	762.2	1.40%
2008-2009	751.7	4.29%
2007-2008	720.8	12.73%
2006-2007	639.4	-1.68%
2005-2006	650.3	4.11%
2004-2005	624.6	3.70%
2003-2004	602.3	9.21%
2002-2003	551.5	9.93%
2001-2002	501.7	5.39%
2000-2001	476.4	87.50%
1999-2000	280.6	38.50%

2) MAJOR INITIATIVES

A. Current Year Accomplishments

Recognized as a model school district, Gloucester County Special Services School District continues to provide educational opportunities and options to special needs students and their families in Gloucester County as it seeks to meet their needs through a variety of programs delivered in our schools and the local school districts.

Gloucester County Special Services School District provides a full continuum of educational options to Gloucester County's Special Needs students and their families. Gloucester County Special Services School District is a hub for students, professionals and families, as it serves children from birth through 21 years in our schools and in the local school districts, while providing professional development opportunities and family support resources.

The Bankbridge Career Center continues to support students' transition needs by providing successful school-to-careers options, job coaches, and functional skills reinforcement.

Gloucester County Special Services School District maintains its commitment to provide the best possible opportunities for special need students in Gloucester County.

B. District Goals for 2015-2016

- Maintain and enhance all current programs for the school district;
- Complete the long-range facilities plan for the district;
- Expand programming for students with Autism and Multiple Disabilities in partnership with Rowan College of Gloucester County and the Adult Center for Transition;
- Continue to prepare students for college and career readiness by increasing rigor in reading performance, which translates into higher Lexile-level requirements at the Bankbridge Regional School;
- Complete the redesign of the School to Careers Department of the school district;
- Continue to participate in the Autism Focus group of the school district;
- Ensure that the district is prepared for the implementation of the NJDOE Common Core
- Continue to maintain close supervision of fiscal operations and seek every opportunity to reduce operating costs through attrition and shared services to meet the goals of the school district; and
- Complete contract negotiations with the Gloucester County Special Services Education Association.

C. District Affiliations

Rowan College at Gloucester County
Gloucester County Vocational-Technical School District
Abilities Center of Southern New Jersey
County Hospitals: Kennedy/Inspira
County Prosecutor/Sheriff
County Educational Roundtables
Rowan University

3) 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 is 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 management.

As a recipient of federal 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 controls are also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal controls, 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.

4) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimate. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects funds. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assignments of fund balance at June 30, 2015.

5) 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.

6) CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in the "Notes to Financial Statements", Note 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7) 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, fidelity bonds, worker's compensation, disability, and student insurance. During 2015-2016 insurance coverage of the Gloucester County Special Services School District was carried via the New Jersey School Insurance Group, administered by Hardenbergh Insurance Group.

8) OTHER INFORMATION

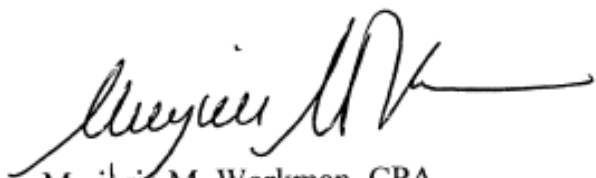
Independent Audit – State statutes require an annual audit by independent certified public accountants. The accounting firm of Bowman & Company LLP was selected by the Gloucester County Special Services Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Treasury Circular 15-08-OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.*” The auditor's report on the basic financial statements 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.

9) ACKNOWLEDGMENTS

We would like to express our appreciation to the members of The Board of Education of the Special Services School District and the Vocational School District of the County of Gloucester and to the Gloucester County Board of Chosen Freeholders 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 business office staff.

Respectfully submitted,


Michael C. Dicken
Superintendent


Marjorie M. Workman, CPA
Assistant Superintendent for Business/Board Secretary

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**** Michael C. Dicken
SUPERINTENDENT/SS**

****Marjorie M. Workman
Asst. Supt. Of Business/Bd. Sec./SS**

Mary Hilley, Supervisor
Ed. Support Svcs./SS

Dana Lamonica,
Supervisor/CRESS/SS

**** Diane Gormley
Director/Coop. Transportation/SS**

Guy Davidson, Principal
Elem. Prog./Dir./ESY/BBE/SS

Sandra Evans
Asst. Principal/BBE/SS

Ron Rutter, Principal
Secondary Prog./BBR/SS

Kathleen Monti
Asst. Principal/BBR/SS

Ralph Ross
Asst. Principal/BBR/SS

Kim Alexander, Asst.
Prin./One Stop/Career C/SS

Christian Sedgewick
Asst. Principal/BBR/SS

****Brian Shakespeare, Asst. Supt.
Of Curriculum & Assessment/SS**

****Gina Mateka, Ed.D.,
Chief Academic Officer**

****Kathleen White, Supv.
Student Assessment/SS**

Catherine Springsted, Dir.
Nonpublic Prog./SS

Karen D'Orazio, Supv.
Child Study Team/SS

Joan Geraci, Director
Special Projects/SS

Kim Glazer, Director
SBYS/SS

Thomas Lombardo
Principal/BDC/SS

Margaret Daly, Asst. Prin.
BDC Annex/SS

Roseanne Carbonara Asst.
Principal/BDC/SS

**** Susan Heiken, Ed. D.
Director/Clinical Svcs./SS**

GCSSSD

Administrative Organization Chart

2015-2016 School Year

GCSSSD Administrators – SS
GCVTSD Administrators – VT

**** Shared employment with SS & VT**

**BOARD OF EDUCATION
GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
DEPTFORD, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2016

Members of the Board of Education

**Term
Expires**

Marlene A. McConnell, President	6/30/2017
Albert F. Frattali, Vice President	6/30/2018
Donna Ragonese	6/30/2016
John Robinson	6/30/2016
Anthony W. Wilcox	6/30/2017
Robert P. Wooton	6/30/2018
Ave' Altersitz, Executive County Superintendent	

Other Officials

Michael Dicken, Superintendent
Brian P. Shakespeare, Assistant Superintendent for Curriculum and Assessment
Marjorie M. Workman, Assistant Superintendent for Business/Board Secretary
Lisa Finnegan, Comptroller

**BOARD OF EDUCATION
GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

CONSULTANTS AND ADVISORS

Audit Firm

Bowman & Company LLP
6 North Broad Street, Suite 201
Woodbury, New Jersey 08096

Attorneys

Board Solicitor

Louis Cappelli, Jr., Esq.
Florio, Perrucci, Steinhardt & Fader
1010 Kings Highway South,
Building 2
Cherry Hill, New Jersey 08034

Labor Attorney

William M. Tambussi, Esq.
Brown & Connery, LLP
360 Haddon Avenue
Westmont, New Jersey 08108

Construction Attorney

Richard W. Hunt, Esq.
Parker McCay
9000 Midlantic Drive, Suite 300
Mt. Laurel, New Jersey 08054

Official Depositories

Bank of America
1355 N. Delsea Drive
Deptford, NJ 08096

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 Gloucester County Special Services School District, a component unit of the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gloucester County Special Services School District, a component unit of the County of Gloucester, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, and schedule of the School District's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gloucester County Special Services School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016 on our consideration of the Gloucester County Special Services School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Gloucester County Special Services School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Public School Accountant No. CS 00886

Woodbury, New Jersey
December 1, 2016

**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**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gloucester County Special Services School District, a component unit of the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Gloucester County Special Services School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Gloucester County Special Services School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Public School Accountant No. CS 00886

Woodbury, New Jersey
December 1, 2016

REQUIRED SUPPLEMENTARY INFORMATION
PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The discussion and analysis of the Gloucester County Special Services School District's ("School District") annual financial performance provides an overall review of the School District's financial activities for the fiscal year that ended on June 30, 2016. The intent of this discussion and analysis is to review the School District's financial performance as a whole; readers are advised to read it in conjunction with the basic financial statements and the notes to the financial statements to enhance their understanding of the School District's performance.

The Management's Discussion and Analysis (MD&A) section of the Comprehensive Annual Financial Report ("CAFR") is an element of Required Supplementary Information specified in the Governmental Accounting Standard's Board's (GASB) Statement Number 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments that was issued in June 1999. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal year are as follows:

- The total assets and deferred outflows of resources of the School District exceeded total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$15,650,340.93 (net position).
- The School District's net position decreased by \$2,654,953.85, approximately 14.5%, as a result of this year's operations. Net position of the governmental activities decreased \$1,525,056.10 and net position for the business-type activities decreased by \$1,129,897.75. The decrease in net position of governmental activities can be attributed to the increase in the net pension liability for 2015-16. The net position of business-type activities also experienced a decrease that can be attributed to the allocation of net pension liability for 2015-16.
- During the year, the School District generated \$35,084,291.23 in revenues, which is an increase of \$831,907.95 compared with the School District's 2014-2015 revenues. The 2015-2016 general and special revenue fund revenues were made up of the county appropriation, tuition, federal and state grants, and other revenues. Expenditures exceeded revenues for the related programs by \$141,293.15.
- In the School District's business-type activities, operating revenues decreased by \$746,026.42 to \$28,217,875.35, approximately 2.7%, while operating expenses increased \$1,001,241.17 which is approximately 3.6%.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can first understand the School District as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on the School District's most significant funds, reporting on the School District's operations in *more detail* than the government-wide financial statements.
 - The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term, as well as what remains for future spending.
 - *Proprietary funds statements* offer short- and long-term financial information about the activities the School District operates like a business.
 - *Fiduciary funds statements* provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Reporting the School District as a Whole

The Statement of Net Position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources and uses the accrual basis of accounting similar to the accounting used by most private-sector businesses. All of the current year's revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. These statements report the School District's *net position* and how it has changed. Net position are the difference between the School District's assets and liabilities, and represent one way to measure the School District's financial health or *position*.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School District's overall health, additional non-financial factors such as changes in the School District's property tax base, current laws and policies affecting school districts in New Jersey, educational programs offered, the condition of school buildings and other facilities, and other factors must be considered.

In the government-wide financial statements, the School District's activities are divided into two categories:

- *Governmental activities*: Most of the School District's basic services are included here, such as alternative, special education, and shared services. Tuition and, to a lesser degree, the County tax levy, finance most of these activities.
- *Business-type activities*: The School District charges fees to help it cover the costs of certain services it provides. The School District's enterprise funds are included here.

Reporting the School District's Most Significant Funds

The *fund financial statements* focus on the School District's most significant funds, reporting on the School District's operations in *more detail* than the government-wide financial statements. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has three kinds of funds:

- *Governmental funds*: Most of the School District's basic services are included in governmental funds, which generally focus on how cash and other financial assets that can be converted to cash flow in and out, and the balances left at year-end that are available for future spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that are available for spending in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information provided at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the School District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The School 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. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities.
- *Fiduciary funds*: The School District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and student activity funds. The School District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the government-wide financial statements because it may not use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net Position

The School District's overall financial position and operations for the past two years are summarized as follows based on the information included in the government-wide financial statements.

The School District's net position at fiscal year-end June 30, 2016 is \$15,650,340.93. This is a \$2,654,953.85 decrease from last year's net position of \$18,305,294.78. The following table provides a summary of the School District's net position:

Summary of Net Position

	June 30, 2016	June 30, 2015	Change	% Change
Current and Other Assets	\$ 18,495,354.04	\$ 18,226,412.83	\$ 268,941.21	1.48%
Capital Assets	<u>29,995,820.71</u>	<u>30,782,630.20</u>	<u>(786,809.49)</u>	<u>-2.56%</u>
Total Assets	<u>48,491,174.75</u>	<u>49,009,043.03</u>	<u>(517,868.28)</u>	<u>-1.06%</u>
Deferred Outflow of Resources - Related to Pensions	<u>7,447,899.00</u>	<u>2,245,220.00</u>	<u>5,202,679.00</u>	<u>231.72%</u>
Long-Term Liabilities	36,743,142.99	29,403,521.42	7,339,621.57	24.96%
Other Liabilities	<u>2,758,923.83</u>	<u>1,609,560.83</u>	<u>1,149,363.00</u>	<u>71.41%</u>
Total Liabilities	<u>39,502,066.82</u>	<u>31,013,082.25</u>	<u>8,488,984.57</u>	<u>27.37%</u>
Deferred Inflow of Resources - Related to Pensions	<u>786,666.00</u>	<u>1,935,886.00</u>	<u>(1,149,220.00)</u>	<u>-59.36%</u>
Net Position:				
Net Investment in Capital Assets	29,704,740.82	30,425,325.28	(720,584.46)	-2.37%
Restricted	536,440.00	628,653.00	(92,213.00)	-14.67%
Unrestricted (Deficit)	<u>(14,590,839.89)</u>	<u>(12,748,683.50)</u>	<u>(1,842,156.39)</u>	<u>14.45%</u>
Total Net Position	<u>\$ 15,650,340.93</u>	<u>\$ 18,305,294.78</u>	<u>\$ (2,654,953.85)</u>	<u>-14.50%</u>

The following table provides an illustration of the impact of the School District's Net Position for the implementation of GASB 68.

Statement of Net Position - Effect of Pension Related Items

	June 30, 2016	June 30, 2015	Change	% Change
Deferred Outflows Related to Pensions	\$ 7,447,899.00	\$ 2,245,220.00	\$ 5,202,679.00	231.72%
Less: Net Pension Liability	(35,576,134.00)	(28,070,785.00)	(7,505,349.00)	26.74%
Less: Deferred Inflows Related to Pensions	<u>(786,666.00)</u>	<u>(1,935,886.00)</u>	<u>1,149,220.00</u>	<u>-59.36%</u>
	<u>\$ (28,914,901.00)</u>	<u>\$ (27,761,451.00)</u>	<u>\$ (1,153,450.00)</u>	<u>4.15%</u>

The School District reported a positive net position of \$17,038,345.51 for governmental activities and a negative net position of \$1,388,004.58 in the business-type activities. Net position decreased \$1,525,056.10 for governmental activities and \$1,129,897.75 for business-type activities.

The decrease in net position of governmental activities is primarily the result of an increase in the net pension liability in 2015-16. The net position of business-type activities decreased due to a reduction in services provided and an increase in the net pension liability in the Enterprise Other Funds.

Changes in Net position

The following table provides a summary of the School District's changes in net position:

Summary of Changes in Net Position				
Revenues:	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 30,103,984.63	\$ 30,758,278.48	\$ (654,293.85)	-2.13%
Federal & State Categorical Grants	10,030,534.47	8,337,881.25	1,692,653.22	20.30%
General Revenues:				
County Appropriation	563,078.00	563,078.00	-	0.00%
Federal & State Grants	83,321.25	269,275.95	(185,954.70)	-69.06%
Tuition & Fees	27,906,787.99	28,221,559.66	(314,771.67)	-1.12%
Other	791,076.56	333,767.69	457,308.87	137.01%
Total Revenues	<u>69,478,782.90</u>	<u>68,483,841.03</u>	<u>994,941.87</u>	<u>1.45%</u>
Expenses:				
Instruction:				
Special Education	12,090,005.76	11,874,779.37	215,226.39	1.81%
Other Special Instruction	395,769.57	403,498.13	(7,728.56)	-1.92%
Student Services:				
Student and Instruction Related	6,827,578.96	6,476,707.98	350,870.98	5.42%
General Administrative Services	329,968.60	297,506.18	32,462.42	10.91%
School Administrative Services	1,465,680.76	1,394,016.43	71,664.33	5.14%
Central Services	2,275,353.09	2,332,634.10	(57,281.01)	-2.46%
Plant Operations and Maintenance	3,028,317.51	2,949,376.87	78,940.64	2.68%
Pupil Transportation	72,346.45	66,096.07	6,250.38	9.46%
Unallocated Benefits	15,652,129.80	13,858,030.29	1,794,099.51	12.95%
Unallocated Depreciation	302,460.35	301,875.27	585.08	0.19%
Food Service	496,994.50	482,224.27	14,770.23	3.06%
Other Enterprise Funds	29,197,131.40	28,210,660.46	986,470.94	3.50%
Total Expenses	<u>72,133,736.75</u>	<u>68,647,405.42</u>	<u>3,486,331.33</u>	<u>5.08%</u>
Increase (Decrease) in Net Position	<u>(2,654,953.85)</u>	<u>(163,564.39)</u>	<u>(2,491,389.46)</u>	<u>1523.19%</u>
Beginning Net Position	<u>18,305,294.78</u>	<u>18,468,859.17</u>	<u>(163,564.39)</u>	<u>-0.89%</u>
Ending Net Position	<u>\$ 15,650,340.93</u>	<u>\$ 18,305,294.78</u>	<u>\$ (2,654,953.85)</u>	<u>-14.50%</u>

THE SCHOOL DISTRICT'S FUNDS

Governmental funds reported ending fund balances of \$6,474,516.70. Of this year-end total, \$1,532,569.41 is unassigned and \$4,405,507.29 is assigned, with \$3,433.92 of the assigned fund balance committed to liquidate encumbrances, and \$4,402,073.37 designated for subsequent year's expenditures. Restricted fund balances total \$536,440.00, with \$127,103.00 available in the capital reserve account and \$409,337.00 available in the maintenance reserve account.

GENERAL FUND BUDGETARY HIGHLIGHTS

The revenue for the General Fund was greater than anticipated in the budget due to enrollment exceeding expectations. Reimbursements for pension and Social Security contributions of \$3,315,136.69 are non-budgeted items in both revenues and appropriations.

CAPITAL ASSETS

The School District's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2016, was \$29,628,357.65 and \$367,463.06 respectively. See Note 6 for additional information about changes in capital assets during the fiscal year.

Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Governmental Activities:		
Land	\$ 230,052.00	\$ 230,052.00
Furniture, Fixtures and Equipment	1,693,946.72	1,872,082.05
Building and Improvements	27,646,332.82	28,269,169.05
Land Improvements	58,026.11	1,886.00
Total Capital Assets	<u>\$ 29,628,357.65</u>	<u>30,373,189.10</u>
Business-type Activities:		
Furniture, Fixtures and Equipment	\$ 344,932.39	\$ 383,214.14
Building and Improvements	22,530.67	26,226.96
Total Capital Assets	<u>\$ 367,463.06</u>	<u>\$ 409,441.10</u>

ECONOMIC CONDITION AND OUTLOOK

The Gloucester County Special Services School District is currently in sound financial condition. Area sending districts continue to experience significant the fiscal challenges, which threaten to reduce the number of Gloucester County students enrolled in the Bankbridge Schools. In response to this possibility, an articulation agreement was signed by the Board of Chosen Freeholders of both Gloucester and Camden Counties along with the Board of Education of the Special Services School District and the Vocational School District of the County of Gloucester which will serve to encourage open enrollment from both counties in the Bankbridge Schools. The Board and administration continue to carry out the School District's mission by providing programs and services that meet both the existing and emergent needs of students having moderate to severe disabilities.

Gloucester County Special Services School District provides a full continuum of educational options to special needs students and their families. Gloucester County Special Services School District is a hub for students, professionals and families, as it serves children from birth through 21 years in our schools and in the local school districts, while providing professional development opportunities and family support resources.

The Bankbridge Career Center continues to support students' transition needs by providing successful school-to-careers options, job coaches, and functional skills reinforcement. In addition to the Bankbridge Career Center, our Special Projects Programs, Center for Regional Educational Support Services (CRESS), Early Intervention, and other enterprise programs continue to flourish while providing much needed support to local area schools.

With the support and direction of the Board of Chosen Freeholders and the Board of Education, our School District continues to move forward. Viewed as a model School District, Gloucester County Special Services School District provides educational opportunities to special needs students in this region through a wide range of programs and services. This School District is committed to providing a full continuum of education services to meet the needs of students and local school districts in this area.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide New Jersey citizens and taxpayers and our customers with a general overview of the School District's finances and to demonstrate the School District's accountability for the appropriations and grants that it receives. If you have questions about this report or need additional financial information, contact the School District Office, 1340 Tanyard Road, Sewell, NJ 08080.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Statement of Net Position

June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 5,620,211.20	\$ 6,277,107.25	\$ 11,897,318.45
Receivables, net	1,302,980.41	4,755,334.99	6,058,315.40
Inventory		3,280.19	3,280.19
Restricted Assets:			
Capital Reserve Account - Cash	127,103.00		127,103.00
Maintenance Reserve Account - Cash	409,337.00		409,337.00
Capital Assets, net	<u>29,628,357.65</u>	<u>367,463.06</u>	<u>29,995,820.71</u>
Total Assets	<u>37,087,989.26</u>	<u>11,403,185.49</u>	<u>48,491,174.75</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	<u>4,371,171.92</u>	<u>3,076,727.08</u>	<u>7,447,899.00</u>
LIABILITIES:			
Accounts Payable	586,676.85	11,347.40	598,024.25
Accounts Payable - Related to Pensions	833,337.55	586,559.45	1,419,897.00
Accrued Salary and Benefits	360,791.87	248,537.61	609,329.48
Payable to Other Governments	3,492.48		3,492.48
Unearned Revenue	34,153.71		34,153.71
Noncurrent Liabilities:			
Due within One Year	94,026.91		94,026.91
Due beyond One Year	<u>22,046,642.03</u>	<u>14,696,500.96</u>	<u>36,743,142.99</u>
Total Liabilities	<u>23,959,121.40</u>	<u>15,542,945.42</u>	<u>39,502,066.82</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	<u>461,694.27</u>	<u>324,971.73</u>	<u>786,666.00</u>
NET POSITION:			
Net Investment in Capital Assets	29,337,277.76	367,463.06	29,704,740.82
Restricted for:			
Other Purposes	536,440.00		536,440.00
Unrestricted (Deficit)	<u>(12,835,372.25)</u>	<u>(1,755,467.64)</u>	<u>(14,590,839.89)</u>
Total Net Position	<u>\$ 17,038,345.51</u>	<u>\$ (1,388,004.58)</u>	<u>\$ 15,650,340.93</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction:						
Special Education	\$ 12,090,005.76		\$ 461,861.01	\$ (11,628,144.75)		\$ (11,628,144.75)
Other Special Instruction	395,769.57			(395,769.57)		(395,769.57)
Support Services:						
Student and Instruction Related Services	6,827,578.96		1,963,029.73	(4,864,549.23)		(4,864,549.23)
General Administration	329,968.60			(329,968.60)		(329,968.60)
School Administration	1,465,680.76			(1,465,680.76)		(1,465,680.76)
Central Services	2,275,353.09	\$ 1,874,703.52		(400,649.57)		(400,649.57)
Plant Operations and Maintenance	3,028,317.51			(3,028,317.51)		(3,028,317.51)
Pupil Transportation	72,346.45			(72,346.45)		(72,346.45)
Unallocated Benefits	15,652,129.80		7,270,696.69	(8,381,433.11)		(8,381,433.11)
Unallocated Depreciation	302,460.35			(302,460.35)		(302,460.35)
Total Governmental Activities	<u>42,439,610.85</u>	<u>1,874,703.52</u>	<u>9,695,587.43</u>	<u>(30,869,319.90)</u>	<u>-</u>	<u>(30,869,319.90)</u>
Business-Type Activities:						
Food Service	496,994.50	180,290.83	301,736.80		\$ (14,966.87)	(14,966.87)
Enterprise Other	29,197,131.40	28,048,990.28	33,210.24		(1,114,930.88)	(1,114,930.88)
Total Business-Type Activities	<u>29,694,125.90</u>	<u>28,229,281.11</u>	<u>334,947.04</u>	<u>-</u>	<u>(1,129,897.75)</u>	<u>(1,129,897.75)</u>
Total Primary Government	<u>\$ 72,133,736.75</u>	<u>\$ 30,103,984.63</u>	<u>\$ 10,030,534.47</u>	<u>(30,869,319.90)</u>	<u>(1,129,897.75)</u>	<u>(31,999,217.65)</u>
General Revenues, Special Items, Extraordinary Items and Transfers:						
County Appropriation				563,078.00		563,078.00
Tuition - LEA's				26,860,682.04		26,860,682.04
Nonresident Fees				1,046,105.95		1,046,105.95
Miscellaneous Income				791,076.56		791,076.56
Federal and State Aid Not Restricted				83,321.25		83,321.25
Total General Revenues, Special Items, Extraordinary Items and Transfers				<u>29,344,263.80</u>	<u>-</u>	<u>29,344,263.80</u>
Change in Net Position				(1,525,056.10)	(1,129,897.75)	(2,654,953.85)
Net Position -- July 1, As Restated				<u>18,563,401.61</u>	<u>(258,106.83)</u>	<u>18,305,294.78</u>
Net Position -- June 30				<u>\$ 17,038,345.51</u>	<u>\$ (1,388,004.58)</u>	<u>\$ 15,650,340.93</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 5,620,211.20			\$ 5,620,211.20
Accounts Receivable:				
State	44,900.64			44,900.64
Federal	35,887.37	\$ 912,524.78		948,412.15
Tuition	303,642.23			303,642.23
Interfunds Receivable:				
Special Revenue Fund	593,489.83			593,489.83
Payroll Agency Fund	6,025.39			6,025.39
Restricted Cash and Cash Equivalents:				
Cash - Capital Reserve Account	127,103.00			127,103.00
Cash - Maintenance Reserve Account	409,337.00			409,337.00
Total Assets	\$ 7,140,596.66	\$ 912,524.78	\$ -	\$ 8,053,121.44
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 331,405.03	\$ 255,271.82		\$ 586,676.85
Accrued Salary and Benefits	331,182.45	29,609.42		360,791.87
Interfunds Payable:				
General Fund		593,489.83		593,489.83
Payable to Other Governments	3,492.48			3,492.48
Unearned Revenue		34,153.71		34,153.71
Total Liabilities	666,079.96	912,524.78	-	1,578,604.74
Fund Balances:				
Restricted:				
Capital Reserve Account	127,103.00			127,103.00
Maintenance Reserve Account	409,337.00			409,337.00
Assigned:				
Other Purpose	3,433.92			3,433.92
Subsequent Year's Expenditures	4,402,073.37			4,402,073.37
Unassigned:				
General Fund	1,532,569.41			1,532,569.41
Total Fund Balances	6,474,516.70	-	-	6,474,516.70
Total Liabilities and Fund Balances	\$ 7,140,596.66	\$ 912,524.78	\$ -	

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2016

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$39,351,214.78 and the accumulated depreciation is \$9,722,857.13.	\$ 29,628,357.65
Long-term liabilities, including compensated absences and capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,261,035.90)
Net Pension Liability	(20,879,633.04)
Accounts Payable related to the April 1, 2017 Required PERS pension contribution that is not to be liquidated with current financial resources.	(833,337.55)
Deferred Outflows of Resources - Related to Pensions	4,371,171.92
Deferred Inflows of Resources - Related to Pensions	<u>(461,694.27)</u>
Net Position of Governmental Activities	<u><u>\$ 17,038,345.51</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES:				
County Appropriation	\$ 563,078.00			\$ 563,078.00
Tuition - LEAs	26,860,682.04			26,860,682.04
Nonresident Fees	1,046,105.95			1,046,105.95
Miscellaneous	791,076.56	\$ 90,739.43		881,815.99
State Sources	3,315,136.69	300,155.00		3,615,291.69
Federal Sources	83,321.25	2,033,996.31		2,117,317.56
Total Revenues	32,659,400.49	2,424,890.74	-	35,084,291.23
EXPENDITURES:				
Current:				
Special Education Instruction	11,451,693.24	461,861.01		11,913,554.25
Other Special Instruction	395,769.57			395,769.57
Support Services and Undistributed Costs:				
Student and Instruction Related Services	4,854,807.84	1,963,029.73		6,817,837.57
General Administration	278,296.49			278,296.49
School Administration	1,464,166.66			1,464,166.66
Central Services	400,649.57			400,649.57
Plant Operations and Maintenance	2,656,460.19			2,656,460.19
Pupil Transportation	50,999.96			50,999.96
Unallocated Benefits	7,676,276.58			7,676,276.58
On-Behalf Pension Contributions	2,375,613.00			2,375,613.00
Reimbursed TPAF Social Security Contributions	939,523.69			939,523.69
Capital Outlay	256,436.85	-		256,436.85
Total Expenditures	32,800,693.64	2,424,890.74	-	35,225,584.38
Excess (Deficiency) of Revenues over Expenditures	(141,293.15)	-	-	(141,293.15)
Fund Balance -- July 1	6,615,809.85		-	6,615,809.85
Fund Balance -- June 30	<u>\$ 6,474,516.70</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,474,516.70</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2016

Total Net Change in Fund Balances - Governmental Funds		\$ (141,293.15)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, 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 capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (1,001,268.30)	
Capital Outlays	256,436.85	(744,831.45)
<p>Repayment of obligations under capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		66,225.03
<p>In the statement of activities, certain operating expenses, e.g., compensated absences 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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		5,475.49
<p>Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.</p>		
		(710,632.02)
Change in Net Position of Governmental Activities		\$ (1,525,056.10)

The accompanying Notes to Financial Statements are an integral part of this statement.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Net Position
 For the Fiscal Year Ended June 30, 2016

	Business - Type Activities - Enterprise Funds			Governmental Activities -
	<u>Food Service</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 103,465.05	\$ 6,173,642.20	\$ 6,277,107.25	
Intergovernmental Accounts Receivable:				
State	283.68		283.68	
Federal	16,142.19		16,142.19	
Other		4,738,909.12	4,738,909.12	
Inventories	3,280.19		3,280.19	
Noncurrent Assets:				
Capital Assets, Net	<u>24,799.29</u>	<u>342,663.77</u>	<u>367,463.06</u>	
Total Assets	<u>147,970.40</u>	<u>11,255,215.09</u>	<u>11,403,185.49</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Related to Pensions (Note 8)		<u>3,076,727.08</u>	<u>3,076,727.08</u>	
LIABILITIES:				
Current Liabilities:				
Accounts Payable		11,347.40	11,347.40	
Accounts Payable - Related to Pensions		586,559.45	586,559.45	
Accrued Salary and Benefits		248,537.61	248,537.61	
Noncurrent Liabilities:				
Due beyond One Year		<u>14,696,500.96</u>	<u>14,696,500.96</u>	
Total Liabilities	<u>-</u>	<u>15,542,945.42</u>	<u>15,542,945.42</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:				
Related to Pensions (Note 8)		<u>324,971.73</u>	<u>324,971.73</u>	
NET POSITION:				
Net Investment in Capital Assets	24,799.29	342,663.77	367,463.06	
Unrestricted	<u>123,171.11</u>	<u>(1,878,638.75)</u>	<u>(1,755,467.64)</u>	
Total Net Position	<u>\$ 147,970.40</u>	<u>\$ (1,535,974.98)</u>	<u>\$ (1,388,004.58)</u>	<u>\$ -</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

	Business - Type Activities - Enterprise Funds			Governmental Activities -
	Food Service	Other Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES:				
Local Sources				
Daily Sales - Reimbursable Programs	\$ 119,871.00		\$ 119,871.00	
Daily Sales - Non-Reimbursable Programs	26,990.14		26,990.14	
Special Functions	33,429.69		33,429.69	
Fees for Services		\$ 28,048,990.28	28,048,990.28	\$ 1,874,703.52
Total Operating Revenues	180,290.83	28,048,990.28	28,229,281.11	1,874,703.52
OPERATING EXPENSES:				
Cost of Goods Sold - Reimbursable Programs	198,032.92		198,032.92	
Cost of Goods Sold - Non-Reimbursable Programs	21,209.00		21,209.00	
Salaries		10,287,465.25	10,287,465.25	1,874,703.52
Employee Benefits		6,380,727.10	6,380,727.10	
Purchased Professional/Educational Services		46,510.00	46,510.00	
Purchased Professional/Professional Services		77,096.85	77,096.85	
Purchased Professional/Technical Services	1,065.00	487,804.93	488,869.93	
Purchased Professional/Shared Services		636,155.22	636,155.22	
Other Purchased Services		34,308.94	34,308.94	
Contracted Services	25,499.88	10,943,955.03	10,969,454.91	
Printing and Binding		226.65	226.65	
Commercial Liability		400.00	400.00	
Utilities		4,911.37	4,911.37	
Postage Expense		267.32	267.32	
Miscellaneous Purchased Services	215,703.42		215,703.42	
Operations and Maintenance	6,764.48	16,775.53	23,540.01	
Travel		18,122.14	18,122.14	
Supplies and Materials	23,430.16	35,588.64	59,018.80	
Textbooks		90,866.99	90,866.99	
Non-Instructional Equipment		13,547.00	13,547.00	
Instructional Equipment		31,707.85	31,707.85	
Miscellaneous Expenditures	804.96	679.00	1,483.96	
Rental of Land and Buildings		25,000.00	25,000.00	
Other Objects		15,013.23	15,013.23	
Depreciation	4,484.68	50,002.36	54,487.04	
Total Operating Expenses	496,994.50	29,197,131.40	29,694,125.90	1,874,703.52
Operating Gain/ (Loss)	(316,703.67)	(1,148,141.12)	(1,464,844.79)	-

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

	Business - Type Activities - Enterprise Funds			Governmental Activities -
	<u>Food Service</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
NONOPERATING REVENUES (EXPENSES):				
State Source:				
State School Lunch Program	\$ 4,644.43		\$ 4,644.43	
Federal Source:				
National School Lunch Program	159,652.91		159,652.91	
National School Breakfast Program	95,617.52		95,617.52	
Food Distribution Program	41,821.94		41,821.94	
Migrant Summer Food Program		\$ 33,210.24	33,210.24	
Total Nonoperating Revenues (Expenses)	<u>301,736.80</u>	<u>33,210.24</u>	<u>334,947.04</u>	
Change in Net Position	(14,966.87)	(1,114,930.88)	(1,129,897.75)	-
Net Position -- July 1, As Restated	<u>162,937.27</u>	<u>(421,044.10)</u>	<u>(258,106.83)</u>	
Net Position -- June 30	<u>\$ 147,970.40</u>	<u>\$ (1,535,974.98)</u>	<u>\$ (1,388,004.58)</u>	<u>\$ -</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2016

	Business - Type Activities - Enterprise Funds			Governmental Activities -
	Food Service	Other Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 180,790.83	\$ 28,735,509.95	\$ 28,916,300.78	\$ 1,874,703.52
Payments to Employees		(10,039,289.34)	(10,039,289.34)	(1,874,703.52)
Payments for Employee Benefits		(5,880,174.42)	(5,880,174.42)	
Payments to Suppliers	(449,737.15)	(12,553,734.61)	(13,003,471.76)	
Net Cash Provided by (used for) Operating Activities	<u>(268,946.32)</u>	<u>262,311.58</u>	<u>(6,634.74)</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Cash Received from State & Federal Reimbursements	<u>263,834.48</u>	<u>33,210.24</u>	<u>297,044.72</u>	
Net Cash Provided by Non-Capital Financing Activities	<u>263,834.48</u>	<u>33,210.24</u>	<u>297,044.72</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,111.84)	295,521.82	290,409.98	-
Cash and Cash Equivalents -- July 1	<u>108,576.89</u>	<u>5,878,120.38</u>	<u>5,986,697.27</u>	
Cash and Equivalents -- June 30	<u><u>\$ 103,465.05</u></u>	<u><u>\$ 6,173,642.20</u></u>	<u><u>\$ 6,277,107.25</u></u>	<u><u>\$ -</u></u>
Analysis of Cash Balance at June 30				
Cash and Equivalents	\$ 103,465.05	\$ 6,173,642.20	\$ 6,277,107.25	-
Cash Deficit		-	-	
	<u><u>\$ 103,465.05</u></u>	<u><u>\$ 6,173,642.20</u></u>	<u><u>\$ 6,277,107.25</u></u>	<u><u>\$ -</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Operating Income/(Loss)	\$ (316,703.67)	\$ (1,148,141.12)	\$ (1,464,844.79)	
Adjustments to Reconcile Operating Income/(Loss) to Cash provided/(Used) by Operating Activities:				
Change in Assets & Liabilities:				
Depreciation	4,484.68	50,002.36	54,487.04	
Food Distribution Program	41,821.94		41,821.94	
(Increase)/Decrease in Capital Assets		(12,509.00)	(12,509.00)	
(Increase)/Decrease in Other Accounts Receivable	500.00	686,519.67	687,019.67	
Increase/(Decrease) in Inventory	950.73		950.73	
Increase/(Decrease) in Accounts Payable		(62,288.92)	(62,288.92)	
Increase/(Decrease) in Accrued Salaries and Benefits		248,537.61	248,537.61	
		<u>500,190.98</u>	<u>500,190.98</u>	
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (268,946.32)</u></u>	<u><u>\$ 262,311.58</u></u>	<u><u>\$ (6,634.74)</u></u>	<u><u>\$ -</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2016

	<u>Private-Purpose Trust Funds</u>		<u>Agency Funds</u>	
	<u>Donations Trust Fund</u>	<u>Scholarship Trust Fund</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:				
Cash and Cash Equivalents	\$ 126,552.92	\$ 1,745.45	\$ 124,376.54	\$ 118,311.17
Total Assets	<u>126,552.92</u>	<u>1,745.45</u>	<u>\$ 124,376.54</u>	<u>\$ 118,311.17</u>
LIABILITIES:				
Due to Student Groups			\$ 124,376.54	
Accrued Salary and Wages Payable				\$ 112,285.78
Interfund Accounts Payable				6,025.39
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 124,376.54</u>	<u>\$ 118,311.17</u>
NET POSITION:				
Held in Trust:				
For Students	126,552.92			
For Scholarship Funds		1,745.45		
Total Net Position	<u>\$ 126,552.92</u>	<u>\$ 1,745.45</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2016

	<u>Private-Purpose Trust Funds</u>	
	<u>Donations Trust</u>	<u>Scholarship Trust</u>
ADDITIONS:		
Local Sources:		
Gifts and Contributions	\$ 9,074.00	-
Total Additions	<u>9,074.00</u>	<u>-</u>
DEDUCTIONS:		
Cash Disbursements	<u>3,857.57</u>	-
Total Deductions	<u>3,857.57</u>	<u>-</u>
Change in Net Position	5,216.43	-
Net Position, July 1	<u>121,336.49</u>	<u>\$ 1,745.45</u>
Net Position, June 30	<u>\$ 126,552.92</u>	<u>\$ 1,745.45</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Gloucester County Special Services School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type I district located in the County of Gloucester, State of New Jersey. As a Type I district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of seven members, six members are appointed by the Director of the Board of Chosen Freeholders, and the seventh member is the County School Superintendent. The purpose of the School District is to provide quality programs of special education and related services that meet the needs of students with disabilities from the preschool years through age 21. The District also provides a wide range of quality educational programs and administrative services to public school districts and their boards of education. The School District has an approximate enrollment at June 30, 2016 of 681.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control.

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (Cont'd)**

Based upon the application of these criteria, the School District has no component units, but is a component unit of the County of Gloucester.

Government-wide and Fund Financial Statements

The School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by a County appropriation and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. County appropriations and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Internal service funds are aggregated and presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

County appropriation, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, as they pertain to governmental entities, state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, funding provided by the County Board of School Estimates, or from the general fund by way of transfers from capital outlay or the capital reserve account.

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for internal service funds include salaries, benefits, administrative expenses, and claims paid. All items not meeting this definition are reported as nonoperating revenues and expenses.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

The School District reports the following major proprietary funds:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

Center for Regional Educational Support Services (CRESS) - This fund accounts for the financial activity related to contracting with public schools for various cooperative educational programs.

Non-public Services - This fund accounts for the financial activity related to contracting with private schools to provide educational and support services under the non-public schools' entitlement.

One-on-One Teachers' Assistants - This fund accounts for the financial activity related to providing one-on-one teacher assistants to special education child with a severe needs.

Safe School Program - This fund accounts for the financial activity related to contracting with public schools in Gloucester County for Crisis Management/Intervention Services.

Therapeutic Recreation Program - This fund accounts for the financial activity related to contracting with the County Parks and Recreation Program to provide a summer camp for the Bankbridge School.

Auxiliary Services - This fund accounts for the financial activity related to providing home instruction and child study team evaluations for public school students.

Cooperative Transportation Project - This fund accounts for the financial activity related to bidding for public, non-public, homeless, Special Ed. and Vo-Tech bus routes in primarily Gloucester and Salem Counties.

Employee Assistance Program - This fund accounts for the financial activity related to providing counseling services to employees of educational organizations through the University of Medical and Dentistry of New Jersey.

Non-public Textbook and Technology - This fund accounts for the financial activity related to contracting with public schools to provide the service of purchasing textbooks and technology of non-public schools under the non-public schools' entitlement.

Additional Remedial Services Chapter I - This fund accounts for the financial activity related to contracting with Clayton and Pennsville School District to provide remedial services under the Title I grant.

Summer Food Service - this is a food service program through the Department of Agriculture which provides nutritional meals to summer school students as well as afterschool camp programs to eligible governmental entities.

Goals for Youth Program - This fund accounts for the financial activity related to contracting with Buena Teen Center/Atlantic Care, the Gloucester County Special Services School Foundation, and Bankbridge Regional to provide motivational programs for students to stay in school.

Together Shelter Homeless Instruction - This fund accounts for the financial activity related to providing tutoring instruction to children living at the homeless shelter in Glassboro.

Computer Services - This fund accounts for the financial activity related to selling computer software and providing software support services to over 100 school districts.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

Additionally, the School District reports the following fund types:

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department to another on a cost reimbursement basis. The School District maintains one internal service funds for shared services with the Gloucester County Vocational Technical School District.

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The School District maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity funds and payroll fund.

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds:

Scholarship Fund - Revenues consist of donations and interest income. Expenditures represent scholarships for future teachers, which are awarded in accordance with the trust requirements.

Donations Trust Fund - Revenues consist of donations and interest income. Expenditures represent purchases of items to assist those in need in accordance with the trust requirements.

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all county appropriations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general and special revenue funds and are submitted to the county office of education. The budgets are submitted to the county office of education and are voted upon at the Board of School Estimates meeting in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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 budgetary basis. The budgetary basis differs from GAAP in that the 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.

The budget, as detailed on exhibit C-1 and exhibit C-2 includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments**

Cash and cash equivalents, for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. 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. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Tuition Receivable

Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position as accounts receivable.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5-20 Years
Buildings and Improvements	10 - 50 Years
Land Improvements	10-20 Years

The School District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2016 and 2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), and additions to/deductions from TPAF's and PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance (Cont'd)**

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

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

The following GASB Statements became effective for the fiscal year ended June 30, 2016:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption of this Statement had no impact on the basic financial statements of the School District.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued and Adopted Accounting Pronouncements (Cont'd)**

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the School District.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the basic financial statements of the School District.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements during the fiscal year ended June 30, 2016 which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the basic financial statements of the School District.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement will become effective for the School District in fiscal year 2018. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have a material impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of June 30, 2016, the School District's bank balances of \$13,333,599.26 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$13,038,012.88
Uninsured and Uncollateralized	<u>295,586.38</u>
Total	<u>\$13,333,599.26</u>

Note 2: CASH AND CASH EQUIVALENTS (CONT'D)

New Jersey Cash Management Fund - During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2016, the School District's deposits with the New Jersey Cash Management Fund were \$207,505.24.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$10,000.00 on September 20, 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 School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 127,102.00
Increased by:	
Interest Earnings	<u>1.00</u>
Ending Balance, June 30, 2016	<u>\$ 127,103.00</u>

The June 30, 2016 LRFP balance of local support costs of uncompleted projects exceeds the capital reserve balance at June 30, 2016.

Note 4: INVENTORY

Inventory recorded at June 30, 2016 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 2,039.26
Supplies	<u>1,240.93</u>
	<u>\$ 3,280.19</u>

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as shown on the following page:

Description	Governmental Funds			Proprietary Funds		Total Business-Type Activities	Total
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Other Proprietary Funds		
Federal Awards	\$ 35,887.37	\$ 912,524.78	\$ 948,412.15	\$ 16,142.19		\$ 16,142.19	\$ 964,554.34
State Awards	44,900.64		44,900.64	283.68		283.68	45,184.32
Tuition Charges	303,642.23		303,642.23				303,642.23
Provided Services					\$ 4,738,909.12	4,738,909.12	4,738,909.12
Other	599,515.22		599,515.22				599,515.22
	<u>\$ 983,945.46</u>	<u>\$ 912,524.78</u>	<u>\$ 1,896,470.24</u>	<u>\$ 16,425.87</u>	<u>\$ 4,738,909.12</u>	<u>\$ 4,755,334.99</u>	<u>\$ 6,651,805.23</u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 230,052.00			\$ 230,052.00
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	4,405,890.31	\$ 132,578.85	\$ (16,185.00)	4,522,284.16
Buildings and Improvements	34,467,100.62	66,715.00		34,533,815.62
Land Improvements	7,920.00	57,143.00		65,063.00
Total Capital Assets, being Depreciated	38,880,910.93	256,436.85	(16,185.00)	39,121,162.78
Total Capital Assets, Cost	39,110,962.93	256,436.85	(16,185.00)	39,351,214.78
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(2,533,808.26)	(310,714.18)	16,185.00	(2,828,337.44)
Buildings and Improvements	(6,197,931.57)	(689,551.23)		(6,887,482.80)
Land Improvements	(6,034.00)	(1,002.89)		(7,036.89)
Total Accumulated Depreciation	(8,737,773.83)	(1,001,268.30)	16,185.00	(9,722,857.13)
Total Capital Assets, being Depreciated, Net	30,143,137.10	(744,831.45)	-	29,398,305.65
Governmental Activities Capital Assets, Net	<u>\$ 30,373,189.10</u>	<u>\$ (744,831.45)</u>	<u>\$ -</u>	<u>\$ 29,628,357.65</u>

Note 6: CAPITAL ASSETS (CONT'D)

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	\$ 1,347,443.70	\$ 12,509.00		\$ 1,359,952.70
Buildings and Improvements	58,588.00			58,588.00
Total Capital Assets, being Depreciated	<u>1,406,031.70</u>	<u>12,509.00</u>	<u>-</u>	<u>1,418,540.70</u>
Total Capital Assets, Cost	<u>1,406,031.70</u>	<u>12,509.00</u>	<u>-</u>	<u>1,418,540.70</u>
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(961,101.27)	(53,919.04)		(1,015,020.31)
Buildings and Improvements	(35,489.33)	(568.00)		(36,057.33)
Total Accumulated Depreciation	<u>(996,590.60)</u>	<u>(54,487.04)</u>	<u>-</u>	<u>(1,051,077.64)</u>
Total Capital Assets, being Depreciated, Net	<u>409,441.10</u>	<u>(41,978.04)</u>	<u>-</u>	<u>367,463.06</u>
Business-Type Activities Capital Assets, Net	<u>\$ 409,441.10</u>	<u>\$ (41,978.04)</u>	<u>\$ -</u>	<u>\$ 367,463.06</u>

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

Governmental Activities:

Instruction-Special Education	\$ 176,451.51
Support Services - Students	9,004.95
Support Services - Instructional Staff	736.44
Support Services - General Administration	51,116.11
Support Services - School Administration	1,514.10
Support Services - Plant Operations & Maintenance	438,082.35
Support Services - Pupil Transportation	21,346.49
Support Services - Business Support Services	556.00
Unallocated	<u>302,460.35</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,001,268.30</u>

Business-Type Activities:

Food Service	\$ 4,484.68
Cress	7,631.63
Non Public Services	27,472.94
Cooperative Transportation	14,179.28
Computer Services	<u>718.51</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 54,487.04</u>

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Obligations under Capital Lease	\$ 357,304.92		\$ (66,225.03)	\$ 291,079.89	\$ 70,030.40
Compensated Absences	975,431.50		(5,475.49)	969,956.01	23,996.51
Net Pension Liability (note 8)	16,474,743.72	\$ 6,184,303.22	(1,779,413.89)	20,879,633.04	
Total Other Liabilities	<u>17,807,480.14</u>	<u>6,184,303.22</u>	<u>(1,851,114.41)</u>	<u>22,140,668.94</u>	<u>94,026.91</u>
Governmental Activity Long-Term Liabilities	<u>\$ 17,807,480.14</u>	<u>\$ 6,184,303.22</u>	<u>\$ (1,851,114.41)</u>	<u>\$ 22,140,668.94</u>	<u>\$ 94,026.91</u>

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations for business-type activities:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due within</u> <u>One Year</u>
Business-Type Activities:					
Other Liabilities:					
Net Pension Liability (note 8)	\$ 11,596,041.28	\$ 4,352,931.78	\$ (1,252,472.11)	\$ 14,696,500.96	
Business-Type Activity Long-Term Liabilities	<u>\$ 11,596,041.28</u>	<u>\$ 4,352,931.78</u>	<u>\$ (1,252,472.11)</u>	<u>\$ 14,696,500.96</u>	<u>\$ -</u>

Obligations under Capital Lease - The School District is leasing copiers totaling \$357,303.92 under capital leases. All capital leases are for terms of five years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2016.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 70,030.40	\$ 14,521.36	\$ 84,551.76
2018	74,054.39	10497.37	84,551.76
2019	78,309.62	6242.14	84,551.76
2020	68,684.48	1775.32	70,459.80
	<u>\$ 291,078.89</u>	<u>\$ 33,036.19</u>	<u>\$ 324,115.08</u>

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 13 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 8. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.

Note 8: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions>

General Information about the Pension Plans**Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in SPRS or PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Teachers' Pension and Annuity Fund - The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 5.15% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2016 was \$701,859.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$969,477.55.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Note 8: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 13.27% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2016 was \$1,362,524.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$766,707.91.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2016, employee contributions totaled \$26,073.23, and the School District recognized pension expense of \$14,221.01. There were no forfeitures during the fiscal year.

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

Teachers' Pension and Annuity Fund - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	<u>82,542,392.00</u>
	<u>\$ 82,542,392.00</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. For the June 30, 2015 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2015 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.1305962265%, which was a decrease of 0.0032971786% from its proportion measured as of June 30, 2014.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Teachers' Pension and Annuity Fund (Cont'd) - For the fiscal year ended June 30, 2016, the School District recognized \$5,039,956.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2015 measurement date.

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$35,576,134.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the School District's proportion was 0.1584824469%, which was an increase of 0.0085535745% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized pension expense of \$2,573,299.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2015 measurement date.

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 848,722.00	\$ -
Changes of Assumptions	3,820,593.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	571,996.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	1,358,687.00	214,670.00
School District Contributions Subsequent to the Measurement Date	1,419,897.00	-
	<u>\$ 7,447,899.00</u>	<u>\$ 786,666.00</u>

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

\$1,419,897.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30.	
2017	\$ 982,133.00
2018	982,133.00
2019	982,135.00
2020	1,400,351.00
2021	<u>894,584.00</u>
	<u>\$ 5,241,336.00</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.04%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2015 are summarized in the following tables:

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>TPAF</u>		<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%	Cash	5.00%	1.04%
US Government Bonds	1.75%	1.39%	U.S. Treasuries	1.75%	1.64%
US Credit Bonds	13.50%	2.72%	Investment Grade Credit	10.00%	1.79%
US Mortgages	2.10%	2.54%	Mortgages	2.10%	1.62%
US Inflation-Indexed Bonds	1.50%	1.47%	High Yield Bonds	2.00%	4.03%
US High Yield Bonds	2.00%	4.57%	Inflation-Indexed Bonds	1.50%	3.25%
US Equity Market	27.25%	5.63%	Broad U.S. Equities	27.25%	8.52%
Foreign-Developed Equity	12.00%	6.22%	Developed Foreign Equities	12.00%	6.88%
Emerging Markets Equity	6.40%	8.46%	Emerging Market Equities	6.40%	10.00%
Private Real Estate Property	4.25%	3.97%	Private Equity	9.25%	12.41%
Timber	1.00%	4.09%	Hedge Funds/Absolute Return	12.00%	4.72%
Farmland	1.00%	4.61%	Real Estate (Property)	2.00%	6.83%
Private Equity	9.25%	9.15%	Commodities	1.00%	5.32%
Commodities	1.00%	3.58%	Global Debt ex U.S.	3.50%	-0.40%
Hedge Funds - MultiStrategy	4.00%	4.59%	REIT	4.25%	5.12%
Hedge Funds - Equity Hedge	4.00%	5.68%			
Hedge Funds - Distressed	4.00%	4.30%			
	<u>100.00%</u>			<u>100.00%</u>	

Discount Rate - The discount rates used to measure the total pension liability were 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 8: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2015, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	98,098,548.00	82,542,392.00	69,139,833.00
	<u>\$ 98,098,548.00</u>	<u>\$ 82,542,392.00</u>	<u>\$ 69,139,833.00</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
School District's Proportionate Share of the Net Pension Liability	\$ 44,216,781.00	\$ 35,576,134.00	\$ 28,331,877.00

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/annrpts.shtml.

Note 9: STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving postemployment medical benefits, and the State contributed \$1.25 billion on their behalf. 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 pre-funding 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 retire from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

Note 10: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs, and non-contributory insurance were \$1,032,941.00, \$1,291,217.00 and \$51,455.00, respectively.

Note 11: RISK MANAGEMENT

The School 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.

Joint Insurance Pool - The School District is a member of the New Jersey School Boards Association Insurance Group. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. The Fund provides the School District with the following coverage:

Property - Blanket Building and Grounds
General and Automobile Liability
Workers' Compensation and Employers' Liability
School Leaders Errors and Omissions

Note 11: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The School District's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

The Fund publishes its own financial report for the fiscal year ended June 30, 2016, which can be obtained from:

New Jersey School Boards Association Insurance Group
450 Veterans Drive
Burlington, New Jersey 08016

Note 12: DEFERRED COMPENSATION

The School District offers its employees a choice of five deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

Advanced Asset Planning Service
Lincoln Investment Planning Resources Trust
Advantage Capital
The Equitable
Voya Financial

Note 13: COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2016, the liability for compensated absences reported on the government-wide statement of net position was \$969,956.01.

Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 599,515.22	
Special Revenue		\$ 593,489.83
Fiduciary		6,025.39
	<u>\$ 599,515.22</u>	<u>\$ 599,515.22</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2017, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 15: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

Litigation - The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 16: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 17: FUND BALANCES**NONSPENDABLE**

As stated in note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The District did not have any nonspendable fund balances as of June 30, 2016.

RESTRICTED

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

Note 17: FUND BALANCES (CONT'D)**RESTRICTED****General Fund**

For Capital Reserve Account - As of June 30, 2016, the balance in the capital reserve account is \$127,103.00. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2016, the balance in the maintenance reserve account is \$409,337.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

COMMITTED

As stated in note 1, the committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which is the Board of Education. The District did not have any committed balances as of June 30, 2016.

ASSIGNED

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017 \$4,366,186.00 of general fund balance at June 30, 2016.

In addition to the \$4,366,186.00, the School District has also appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017 \$35,887.37 of general fund balance at June 30, 2016, resulting from the Special Education Medicaid Initiative (SEMI) reimbursement received during the current fiscal year for reimbursement of previous fiscal year expenditures.

Other Purposes - As of June 30, 2016, the School District had \$3,433.92 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2016, \$1,532,569.41 of general fund balance was unassigned.

Note 18: RESTATEMENT OF PRIOR PERIOD NET POSITION

The School District restated its net position as of June 30, 2015 as a result of reallocating the net pension liability between the governmental Activities Fund and the Business-Type Activities Fund. The cumulative effect on the financial statements as reported for June 30, 2015 is as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Beginning Net Position as Previously Reported at June 30, 2015	\$ 6,532,287.53	\$ 11,773,007.25
Prior Period Adjustment(s):		
<i>Net Pension Liability Allocation Adjustment</i>	<u>12,031,114.08</u>	<u>(12,031,114.08)</u>
Net Position as Restated, July 1, 2015	<u>\$ 18,563,401.61</u>	<u>\$ (258,106.83)</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
County Appropriations	\$ 563,078.00		\$ 563,078.00	\$ 563,078.00	
Tuition - LEAs	26,929,449.00	\$ 425,000.00	27,354,449.00	26,860,682.04	\$ (493,766.96)
Nonresident Fees	1,107,000.00		1,107,000.00	1,046,105.95	(60,894.05)
Miscellaneous	265,000.00		265,000.00	791,076.56	526,076.56
Total Local Sources	28,864,527.00	425,000.00	29,289,527.00	29,260,942.55	(28,584.45)
State Sources:					
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				1,291,217.00	1,291,217.00
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)				1,084,396.00	1,084,396.00
TPAF Social Security (Reimbursed - Nonbudgeted)				939,523.69	939,523.69
Total State Sources	-	-	-	3,315,136.69	3,315,136.69
Federal Sources:					
Medicaid Reimbursement Program (SEMI)	15,000.00		15,000.00	47,433.88	32,433.88
Medicaid Reimbursement Program (SEMI)--Settlement				35,887.37	35,887.37
Total Federal Services	15,000.00	-	15,000.00	83,321.25	68,321.25
Total Revenues	28,879,527.00	425,000.00	29,304,527.00	32,659,400.49	3,354,873.49
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Special Education - Instruction:					
Auditory Impairments					
Salaries of Teachers	181,900.00	1,600.00	183,500.00	182,825.00	675.00
Salaries-Teachers-Substitute	2,000.00	2,500.00	4,500.00	3,369.25	1,130.75
Other Salaries for Instruction	382,500.00	17,000.00	399,500.00	382,674.08	16,825.92
Purchased Professional-Educational Services	500.00	177,300.00	177,800.00	177,300.00	500.00
Rentals	975.00	2,895.70	3,870.70	3,845.20	25.50
Miscellaneous Services	5,240.00		5,240.00	2,719.21	2,520.79
General Supplies	12,600.00	(1,425.00)	11,175.00	562.06	10,612.94
Textbooks	5,000.00		5,000.00		5,000.00
Total Auditory Impairments	590,715.00	199,870.70	790,585.70	753,294.80	37,290.90
Behavioral Disabilities:					
Salaries of Teachers	1,663,050.00	(73,600.00)	1,589,450.00	1,527,151.44	62,298.56
Other Salaries for Instruction	579,200.00	2,100.00	581,300.00	548,959.59	32,340.41
Purchased Professional-Educational Services	8,750.00	4,453.04	13,203.04	9,976.54	3,226.50
Purchased Technical Services	64,368.00	(4,600.00)	59,768.00	48,762.91	11,005.09
Cleaning, Repair & Maintenance Service	29,210.00	1,148.72	30,358.72	18,884.73	11,473.99
Rentals		13,250.00	13,250.00	13,245.00	5.00
Other Purchased Services	500.00		500.00		500.00
Communications/Telephone	1,700.00	531.36	2,231.36	1,276.48	954.88
Travel	800.00	250.00	1,050.00	582.27	467.73
Miscellaneous Services	36,900.00		36,900.00	21,467.39	15,432.61
General Supplies	222,630.00	13,691.07	236,321.07	89,852.37	146,468.70
Textbooks	170,000.00	(90,597.60)	79,402.40	35,743.42	43,658.98
Other Objects	2,500.00	1,606.32	4,106.32	3,482.64	623.68
Total Behavioral Disabilities	2,779,608.00	(131,767.09)	2,647,840.91	2,319,384.78	328,456.13
Multiple Disabilities:					
Salaries of Teachers	4,087,975.00	60,300.00	4,148,275.00	3,994,166.64	154,108.36
Other Salaries for Instruction	1,824,100.00	(2,250.00)	1,821,850.00	1,562,972.84	258,877.16
Purchased Professional-Educational Services	33,500.00	84,008.10	117,508.10	80,885.11	36,622.99
Purchased Technical Services	152,975.00	(13,084.87)	139,890.13	105,795.78	34,094.35
Cleaning, Repair & Maintenance Service	72,890.00	(194.34)	72,695.66	57,414.38	15,281.28
Rentals		28,500.00	28,500.00	28,476.77	23.23
Communications/Telephone	6,960.00	1,079.20	8,039.20	4,851.31	3,187.89
Travel	1,300.00		1,300.00	167.22	1,132.78
Miscellaneous Services	177,000.00	150.00	177,150.00	112,971.85	64,178.15
General Supplies	559,820.00	26,980.24	586,800.24	370,622.76	216,177.48
Textbooks	75,000.00	71,781.46	146,781.46	101,596.33	45,185.13
Other Objects	3,900.00	2,049.13	5,949.13	3,796.63	2,152.50
Total Multiple Disabilities	6,995,420.00	259,318.92	7,254,738.92	6,423,717.62	831,021.30

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
GENERAL CURRENT EXPENSE (CONT'D):					
Preschool Disabilities - Full-Time:					
Salaries of Teachers	\$ 349,550.00	\$ 6,200.00	\$ 355,750.00	\$ 261,296.07	\$ 94,453.93
Other Salaries for Instruction	204,800.00	(16,850.00)	187,950.00	158,483.17	29,466.83
Purchased Professional-Educational Services	1,500.00	325.00	1,825.00	325.00	1,500.00
Cleaning, Repair & Maintenance Service	1,125.00	1,322.94	2,447.94	2,447.94	
Rentals		2,700.00	2,700.00	2,649.00	51.00
Communications/Telephone	1,100.00	49.44	1,149.44	541.92	607.52
Travel	600.00		600.00		600.00
Miscellaneous Services	19,500.00		19,500.00	8,737.51	10,762.49
General Supplies	39,280.00	(5,435.25)	33,844.75	6,623.22	27,221.53
Textbooks	25,000.00		25,000.00		25,000.00
Total Preschool Disabilities - Full-Time	642,455.00	(11,687.87)	630,767.13	441,103.83	189,663.30
Home Instruction:					
Purchased Professional Educational Services	12,000.00	51,000.00	63,000.00	45,668.72	17,331.28
Extended School Year:					
Salaries of Teachers	432,833.00	16,582.84	449,415.84	449,415.84	
Other Salaries for Instruction	303,000.00	25,681.54	328,681.54	328,303.61	377.93
Purchased Professional-Educational Services	1,000.00	2,500.00	3,500.00	3,144.00	356.00
Purchased Technical Services	700,000.00	92,235.62	792,235.62	676,806.50	115,429.12
Other Purchased Services	500.00	(100.00)	400.00		400.00
Travel		100.00	100.00	70.99	29.01
General Supplies	19,705.00	(6,000.00)	13,705.00	10,782.55	2,922.45
Other Objects	500.00		500.00		500.00
Total Extended School Year	1,457,538.00	131,000.00	1,588,538.00	1,468,523.49	120,014.51
Total Special Education Instruction	12,477,736.00	497,734.66	12,975,470.66	11,451,693.24	1,523,777.42
School - Sponsored Cocurricular Activities - Instruction:					
Salaries	3,000.00	9,000.00	12,000.00	12,000.00	
School - Sponsored Athletics - Instruction:					
Salaries	75,000.00	7,383.40	82,383.40	82,383.40	
Cleaning, Repair & Maintenance Service	500.00		500.00		500.00
Purchased Services	1,500.00		1,500.00	703.00	797.00
Supplies and Materials	1,000.00		1,000.00		1,000.00
Other Objects	500.00		500.00		500.00
Total School - Sponsored Athletics - Instruction	78,500.00	7,383.40	85,883.40	83,086.40	2,797.00
Other Instructional Programs - Instruction:					
Salaries	247,800.00	6,293.14	254,093.14	237,406.81	16,686.33
Salaries-Other Professional	40,900.00	(16,817.14)	24,082.86		24,082.86
Salaries-Other Instructor	51,300.00	10,524.00	61,824.00	61,361.52	462.48
Purchased Professional - Educational Services	1,750.00		1,750.00	1,750.00	
Telephone: Mobile	3,000.00		3,000.00	164.84	2,835.16
Other Objects	200.00		200.00		200.00
Total Other Instructional Programs - Instruction	344,950.00	0.00	344,950.00	300,683.17	44,266.83
Total Instruction	12,904,186.00	514,118.06	13,418,304.06	11,847,462.81	1,570,841.25
Undistributed Expenditures:					
Attendance & Social Work:					
Salaries	84,200.00		84,200.00	84,155.15	44.85
Other Purchased Services	1,050.00	1,034.25	2,084.25	2,084.25	
Maintenance - Copier	2,685.00	(1,900.00)	785.00		785.00
Travel	200.00		200.00		200.00
Supplies and Materials	2,000.00		2,000.00		2,000.00
Total Attendance & Social Work	90,135.00	(865.75)	89,269.25	86,239.40	3,029.85
Health Services:					
Salaries	516,300.00	5,900.00	522,200.00	504,244.32	17,955.68
Purchased Professional and Technical Services	112,750.00	4,562.00	117,312.00	109,207.80	8,104.20
Cleaning, Repair & Maintenance Service	3,700.00		3,700.00	2,715.00	985.00
Other Purchased Services	700.00	(300.00)	400.00		400.00

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Health Services (Cont'd):					
Communications/Telephone	\$ 400.00		\$ 400.00	\$ 306.05	\$ 93.95
Travel	1,400.00		1,400.00		1,400.00
General Supplies	14,500.00	\$ 1,600.00	16,100.00	13,733.57	2,366.43
Other Objects	100.00		100.00		100.00
Total Health Services	649,850.00	11,762.00	661,612.00	630,206.74	31,405.26
Speech, OT, PT & Related Services:					
Salaries	57,350.00		57,350.00	44,615.95	12,734.05
Purchased Professional - Educational Services	2,131,724.00	69,373.00	2,201,097.00	2,176,180.52	24,916.48
Supplies and Materials	18,000.00	2,397.00	20,397.00	13,372.82	7,024.18
Other Objects	200.00		200.00		200.00
Total - Speech, OT, PT & Related Services	2,207,274.00	71,770.00	2,279,044.00	2,234,169.29	44,874.71
Child Study Teams:					
Salaries of Other Professional Staff	814,250.00	2,400.00	816,650.00	803,920.84	12,729.16
Purchased Professional - Educational Services	405,200.00	44,000.00	449,200.00	445,356.00	3,844.00
Other Purchased Professional and Technical Services	11,575.00	1,261.50	12,836.50	12,834.50	2.00
Cleaning, Repair & Maintenance Service	2,625.00		2,625.00		2,625.00
Communications/Telephone	400.00		400.00	192.29	207.71
Miscellaneous Purchase Services	15,700.00		15,700.00	4,856.50	10,843.50
Supplies and Materials	7,500.00		7,500.00	2,948.55	4,551.45
Other Objects	300.00		300.00	24.20	275.80
Total Child Study Teams	1,257,550.00	47,661.50	1,305,211.50	1,270,132.88	35,078.62
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	111,100.00		111,100.00	111,081.76	18.24
Salaries of Other Professional Staff	78,500.00	2,118.63	80,618.63	79,286.63	1,332.00
Salaries of Secretarial & Clerical Assistants	78,750.00	855.64	79,605.64	78,124.27	1,481.37
Other Salaries	3,000.00	(2,374.27)	625.73	450.00	175.73
Purchased Professional - Educational Services	103,300.00		103,300.00	52,292.62	51,007.38
Other Purchased Professional and Technical Services	12,000.00		12,000.00	10,864.00	1,136.00
Cleaning, Repair & Maintenance Service	550.00	27.00	577.00	577.00	
Travel	7,000.00	(5,960.00)	1,040.00		1,040.00
Supplies and Materials	29,000.00	(27.00)	28,973.00	6,244.76	22,728.24
Other Objects	1,000.00		1,000.00	237.00	763.00
Total Improvement of Instruction Services	424,200.00	(5,360.00)	418,840.00	339,158.04	79,681.96
Educational Media Services/School Library:					
Salaries		2,050.00	2,050.00	2,050.00	
Other Salaries Instructors	2,000.00		2,000.00	1,570.00	430.00
Salaries for Technology Coordinators	228,450.00	7,950.00	236,400.00	188,252.92	48,147.08
Purchased Professional and Technical Services	72,750.00		72,750.00	66,257.00	6,493.00
Communications/Telephone	3,000.00		3,000.00	2,349.97	650.03
Travel	500.00		500.00	199.00	301.00
Supplies and Materials	7,200.00		7,200.00	6,712.52	487.48
Other Objects	450.00		450.00	125.00	325.00
Total Educational Media Services/School Library	314,350.00	10,000.00	324,350.00	267,516.41	56,833.59
Instructional Staff Training Services:					
Purchased Professional - Educational Services	10,000.00	10,692.00	20,692.00	19,294.00	1,398.00
Other Purchased Services	10,000.00	(857.00)	9,143.00	8,091.08	1,051.92
Supplies and Materials	3,000.00	(2,400.00)	600.00		600.00
Total Instructional Staff Training Services	23,000.00	7,435.00	30,435.00	27,385.08	3,049.92
Support Services - General Administration:					
Salaries	41,425.00		41,425.00	41,418.94	6.06
Legal Services	35,000.00		35,000.00	28,811.73	6,188.27
Audit Fees	52,000.00		52,000.00	51,500.00	500.00
Architectural / Engineering Services	30,500.00		30,500.00		30,500.00
Other Purchased Professional Services	7,000.00		7,000.00	4,060.00	2,940.00
Purchased Technical Services	300.00		300.00		300.00
Cleaning, Repair and Maintenance Services	5,000.00		5,000.00	3,495.43	1,504.57

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
GENERAL CURRENT EXPENSE (CONT'D):					
Support Services - General Administration (Cont'd):					
Rentals		\$ 9,950.00	\$ 9,950.00	\$ 9,933.76	\$ 16.24
Insurance	\$ 5,600.00	23.00	5,623.00	5,623.00	
Communications/Telephone	102,000.00	(3,314.76)	98,685.24	81,009.86	17,675.38
BOE Other Purchased Services	2,500.00		2,500.00		2,500.00
Other Purchased Services	2,900.00	1,004.54	3,904.54	2,842.04	1,062.50
Miscellaneous Purchased Services	2,500.00	850.22	3,350.22	3,350.22	
General Supplies	4,000.00	(1,800.00)	2,200.00	1,432.26	767.74
BOE In-House Training/Meeting Supplies	1,000.00	1,600.00	2,600.00	2,474.77	125.23
Miscellaneous Expenditures	8,300.00		8,300.00	7,459.10	840.90
BOE Membership Dues and Fees	6,800.00		6,800.00	6,498.85	301.15
Total Support Services - General Administration	306,825.00	8,313.00	315,138.00	249,909.96	65,228.04
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,039,025.00	(15,000.00)	1,024,025.00	1,010,186.48	13,838.52
Salaries of Secretarial and Clerical Assistants	459,025.00	(1,131.24)	457,893.76	441,409.20	16,484.56
Unused Vacation Payment		1,131.24	1,131.24	1,131.24	
Purchased Professional and Technical Services	5,950.00	2,148.17	8,098.17	7,384.74	713.43
Travel	5,400.00		5,400.00	605.89	4,794.11
Supplies and Materials	9,210.00	250.00	9,460.00	2,979.11	6,480.89
Other Objects	2,000.00		2,000.00	470.00	1,530.00
Total Support Services - School Administration	1,520,610.00	(12,601.83)	1,508,008.17	1,464,166.66	43,841.51
Central Services:					
Salaries	109,600.00	(1,380.75)	108,219.25	106,685.53	1,533.72
Unused Vacation Payment		8,925.48	8,925.48	8,925.48	
Purchased Professional Services	4,000.00		4,000.00	1,500.00	2,500.00
Purchased Technical Services	185,589.00	83,640.23	269,229.23	204,801.50	64,427.73
Cleaning, Repair and Maintenance Services	9,437.50		9,437.50	4,879.55	4,557.95
Miscellaneous Purchased Services	25,600.00	37,900.00	63,500.00	40,161.82	23,338.18
Supplies and Materials	14,000.00	54.40	14,054.40	10,735.12	3,319.28
Interest on Lease Purchase Agreements		18,326.73	18,326.73	18,326.73	
Miscellaneous Expenditures	7,050.00	(1,044.73)	6,005.27	4,633.84	1,371.43
Total Central Services	355,276.50	146,421.36	501,697.86	400,649.57	101,048.29
Administration Information Technology:					
Purchased Technical Services	27,997.00	2,500.00	30,497.00	21,480.00	9,017.00
Cleaning, Repair and Maintenance Services	1,900.00	(1,900.00)			
Other Purchased Services	5,000.00		5,000.00	3,396.44	1,603.56
Supplies and Materials	11,950.00		11,950.00	3,510.09	8,439.91
Total Administration Information Technology	46,847.00	600.00	47,447.00	28,386.53	19,060.47
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	246,850.00	(5,515.00)	241,335.00	194,863.63	46,471.37
General Supplies	45,900.00	(5,106.00)	40,794.00	24,976.96	15,817.04
Other Objects	3,100.00		3,100.00		3,100.00
Total Required Maintenance for School Facilities	295,850.00	(10,621.00)	285,229.00	219,840.59	65,388.41
Custodial Services:					
Salaries	915,000.00	(24,467.00)	890,533.00	843,806.27	46,726.73
Salaries Non-Instructor Aides	57,675.00	567.00	58,242.00	57,196.50	1,045.50
Purchased Technical Services		3,755.00	3,755.00	3,755.00	
Purchased Professional and Technical Services	11,200.00	(3,755.00)	7,445.00	5,972.97	1,472.03
Cleaning, Repair and Maintenance Services	115,000.00	4,896.32	119,896.32	72,833.75	47,062.57
Rental of Land & Bldg Other than Lease Purch Agreement	284,200.00		284,200.00	282,072.00	2,128.00
Other Purchased Property Services	41,000.00		41,000.00	24,157.98	16,842.02
Insurance	82,200.00	40,000.00	122,200.00	120,186.49	2,013.51
Miscellaneous Purchased Services	6,500.00		6,500.00	493.04	6,006.96
General Supplies	220,311.00		220,311.00	175,329.16	44,981.84
Energy (Natural Gas)	150,000.00		150,000.00	91,067.31	58,932.69
Energy (Heat and Electricity)	515,000.00		515,000.00	370,358.69	144,641.31
Energy (Gasoline)	25,000.00	(3,900.00)	21,100.00	7,826.64	13,273.36
Other Objects	16,250.00		16,250.00	11,478.71	4,771.29
Total Custodial Services	2,439,336.00	17,096.32	2,456,432.32	2,066,534.51	389,897.81

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
GENERAL CURRENT EXPENSE (CONT'D):					
Care & Upkeep of Grounds:					
Salaries	\$ 167,900.00		\$ 167,900.00	\$ 147,318.87	\$ 20,581.13
Purchased Professional and Technical Services	29,120.00		29,120.00	588.00	28,532.00
Cleaning, Repair and Maintenance Services	40,000.00	\$ 17,000.00	57,000.00	49,701.38	7,298.62
General Supplies	66,000.00	(3,125.00)	62,875.00	50,668.81	12,206.19
Other Objects	200.00	625.00	825.00	722.00	103.00
Total Care and Upkeep of Grounds	303,220.00	14,500.00	317,720.00	248,999.06	68,720.94
Security:					
Purchased Professional and Technical Services	200,000.00		200,000.00	105,875.20	94,124.80
Purchase Technical Services	12,000.00		12,000.00	2,110.00	9,890.00
Cleaning Repair and Maintenance Services	17,000.00		17,000.00	10,528.97	6,471.03
General Supplies	10,000.00		10,000.00	2,571.86	7,428.14
Total Security	239,000.00	-	239,000.00	121,086.03	117,913.97
Total Operation and Maintenance of Plant Services	3,277,406.00	20,975.32	3,298,381.32	2,656,460.19	641,921.13
Student Transportation Services:					
Salaries - Other than between Home and School	17,400.00	3,611.27	21,011.27	19,427.19	1,584.08
Other Purchased Professional and Technical Services	750.00		750.00	425.43	324.57
Cleaning, Repair, Maintenance Services	8,000.00	4,853.20	12,853.20	12,754.81	98.39
Contracted Services (Other Than Between Home & School)	6,000.00	3,000.00	9,000.00	8,044.25	955.75
Miscellaneous. Purchased Services - Transportation	1,000.00	(370.00)	630.00	250.00	380.00
Transportation Supplies	6,000.00	1,005.53	7,005.53	6,785.48	220.05
Miscellaneous Expenditures	750.00	3,900.00	4,650.00	3,312.80	1,337.20
Total Student Transportation Services	39,900.00	16,000.00	55,900.00	50,999.96	4,900.04
Personnel Services - Employee Benefits:					
Social Security Contributions	596,495.00		596,495.00	533,548.58	62,946.42
Other Retirement Contributions - PERS	851,523.00	(55,129.09)	796,393.91	738,358.80	58,035.11
Unemployment Compensation	104,140.00	4,380.11	108,520.11	108,520.11	
Workmen's Compensation	557,750.00	(200,373.00)	357,377.00	356,715.37	661.63
Health Benefits	6,475,000.00	(109,887.00)	6,365,113.00	5,754,409.60	610,703.40
Tuition Reimbursement	100,000.00		100,000.00	47,354.50	52,645.50
Other Employee Benefits	181,450.00	(29,900.00)	151,550.00	104,488.37	47,061.63
Unused Sick Payments		32,881.25	32,881.25	32,881.25	
Total Personnel Services - Employee Benefits	8,866,358.00	(358,027.73)	8,508,330.27	7,676,276.58	832,053.69
Nonbudgeted:					
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				1,291,217.00	(1,291,217.00)
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)				1,084,396.00	(1,084,396.00)
Reimbursed TPAF Social Security Contributions				939,523.69	(939,523.69)
Total Nonbudgeted				3,315,136.69	(3,315,136.69)
Total Undistributed Expenses	19,379,581.50	(35,917.13)	19,343,664.37	20,696,793.98	(1,353,129.61)
Total Expenditures - Current Expense	32,283,767.50	478,200.93	32,761,968.43	32,544,256.79	217,711.64
CAPITAL OUTLAY:					
Special Education - Instruction:					
Behavioral					
Non-Instructional Equipment	15,600.00	(6,275.00)	9,325.00	6,507.10	2,817.90
Multiple Disabilities					
Non-Instructional Equipment	36,400.00	(18,780.66)	17,619.34	15,237.19	2,382.15
Instructional Equipment		68,492.00	68,492.00	59,790.00	8,702.00
Undistributed Expenditures:					
Health Services	7,765.00		7,765.00	7,490.00	275.00
School Admin	4,000.00		4,000.00	2,684.28	1,315.72
Central Services	4,000.00		4,000.00	2,684.28	1,315.72
Required Maintenance for School Facilities	93,500.00	8,621.00	102,121.00	97,321.00	4,800.00
Security	10,000.00		10,000.00	7,580.00	2,420.00
Total Equipment	171,265.00	52,057.34	223,322.34	199,293.85	24,028.49

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY (CONT'D):					
Facilities Acquisition and Construction Services:					
Construction Services	\$ 233,000.00		\$ 233,000.00	\$ 57,143.00	\$ 175,857.00
Lease Purchase Agreements - Principal	67,032.50	\$ (58,569.27)	8,463.23		8,463.23
Interest-Lease/Purchase	17,757.00	(17,757.00)			
Total - Facilities Acquisition and Construction Services	317,789.50	(76,326.27)	241,463.23	57,143.00	184,320.23
Total Capital Outlay	489,054.50	(24,268.93)	464,785.57	256,436.85	208,348.72
Total Expenditures	32,772,822.00	453,932.00	33,226,754.00	32,800,693.64	426,060.36
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,893,295.00)	(28,932.00)	(3,922,227.00)	(141,293.15)	3,780,933.85
Fund Balances, July 1	6,615,809.85		6,615,809.85	6,615,809.85	
Fund Balances, June 30	<u>\$ 2,722,514.85</u>	<u>\$ (28,932.00)</u>	<u>\$ 2,693,582.85</u>	<u>\$ 6,474,516.70</u>	<u>\$ 3,780,933.85</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 127,103.00	
Maintenance Reserve				409,337.00	
Assigned:					
Year End Encumbrances				3,433.92	
Designated for Subsequent Year's Expenditures					
2017-18 SEMI--Settlement				35,887.37	
2016-2017 Budget				4,366,186.00	
Unassigned:					
General Fund				1,532,569.41	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 6,474,516.70</u>	

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original/ Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:			
State Sources	\$ 300,155.00	\$ 300,155.00	
Federal Sources	2,911,748.51	2,033,996.31	\$ (877,752.20)
Other Sources	99,369.00	90,739.43	(8,629.57)
Total - Revenues	3,311,272.51	2,424,890.74	(886,381.77)
EXPENDITURES:			
Instruction:			
Salaries of Teachers	304,821.17	217,756.62	87,064.55
Purchased Professional Educational Services	79.99	79.99	
Other Purchased Services	379,356.00	192,839.00	186,517.00
General Supplies	51,664.31	50,144.40	1,519.91
Other Objects	1,041.00	1,041.00	
Total Instruction	736,962.47	461,861.01	275,101.46
Support Services:			
Salaries of Supervisors of Instruction	1,053,421.32	728,012.70	325,408.62
Salaries of Other Professional Staff	275,166.22	275,166.22	
Employee Benefits	426,792.27	326,413.18	100,379.09
Purchased Professional and Technical Services	35,550.67	20,641.47	14,909.20
Purchased Professional Educational Services	275,861.76	275,861.76	
Purchased Property Services	86,115.07	43,437.96	42,677.11
Cleaning, Repairs, and Maintenance	17,942.90	17,942.90	
Other Purchased Professional Services	206,114.06	131,613.09	74,500.97
Telephone	5,079.93	2,347.88	2,732.05
Travel	26,179.86	16,637.79	9,542.07
Supplies and Materials	27,784.34	27,113.92	670.42
Other Objects	10,991.00	5,578.00	5,413.00
Indirect Costs	120,704.86	85,657.08	35,047.78
Miscellaneous Expenditures	6,605.78	6,605.78	
Total Support Services	2,574,310.04	1,963,029.73	611,280.31
Total Expenditures	3,311,272.51	2,424,890.74	886,381.77
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2016

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

	General <u>Fund</u>	Special Revenue <u>Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 32,659,400.49	\$ 2,424,890.74
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year	-	-
Prior Year	-	-
	<hr/>	<hr/>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 32,659,400.49</u>	<u>\$ 2,424,890.74</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 32,800,693.64	\$ 2,424,890.74
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year	-	-
Prior Year	-	-
	<hr/>	<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 32,800,693.64</u>	<u>\$ 2,424,890.74</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

ACCOUNTING AND REPORTING FOR PENSIONS

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

	<u>Measurement Date Ending June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.1584824469%	0.1499288724%	0.1515580565%
School District's Proportionate Share of the Net Pension Liability	\$ 35,576,134.00	\$ 28,070,785.00	\$ 28,965,756.00
School District's Covered Payroll (Plan Measurement Period)	\$ 12,049,508.00	\$ 11,484,684.00	\$ 11,537,648.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	295.25%	244.42%	251.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

	<u>Fiscal Year Ended June 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,419,897.00	\$ 1,362,524.00	\$ 1,235,992.00
Contributions in Relation to the Contractually Required Contribution	<u>(1,419,897.00)</u>	<u>(1,362,524.00)</u>	<u>(1,235,992.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$ 10,697,739.00	\$ 10,882,370.00	\$ 10,558,582.00
Contributions as a Percentage of School District's Covered Payroll	13.27%	12.52%	11.71%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Three Fiscal Years

	Measurement Date Ending June 30,		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>82,542,392.00</u>	<u>71,561,667.00</u>	<u>66,462,506.00</u>
	<u>\$ 82,542,392.00</u>	<u>\$ 71,561,667.00</u>	<u>\$ 66,462,506.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 15,896,112.00	\$ 15,204,488.00	\$ 15,038,904.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	519.26%	470.66%	441.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Required Supplementary Information
Schedule of School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last 10 Fiscal Years

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2016

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 4.68% as of June 30, 2014, to 4.13% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	McKinney Education Homeless Children	McKinney Education Homeless Children Carryover	Migrant Education Project Title I	Education Foundation Grant Respite	Education Foundation Grant Social Skills	Education Foundation Community	NJSBAIG Grant	School Based Youth Services	Total
REVENUES:									
State Sources								\$ 300,155.00	\$ 300,155.00
Federal Sources	\$ 569,496.27	\$ 59,249.59	\$ 1,405,250.45						2,033,996.31
Other Sources				\$ 26,039.98	\$ 30,676.73	\$ 9,001.72	\$ 25,021.00		90,739.43
Total Revenues	\$ 569,496.27	\$ 59,249.59	\$ 1,405,250.45	\$ 26,039.98	\$ 30,676.73	\$ 9,001.72	\$ 25,021.00	\$ 300,155.00	\$ 2,424,890.74
EXPENDITURES:									
Instruction:									
Salaries of Teachers	\$ 31,093.75	\$ 600.00	\$ 126,372.87	\$ 23,592.50	\$ 27,797.50	\$ 8,300.00			\$ 217,756.62
Purchased Professional Educational Services					79.99				79.99
Other Purchased Services		4,704.00	188,135.00						192,839.00
General Supplies	7,097.88	1,420.00	40,479.70	612.36	534.46				50,144.40
Other Objects	510.00	531.00							1,041.00
Total Instruction	38,701.63	7,255.00	354,987.57	24,204.86	28,411.95	8,300.00	-	-	461,861.01
Support Services:									
Salaries Supervisors of Instruction	126,817.64	24,333.80	576,861.26						728,012.70
Salaries of Other Professional Staff							\$ 275,166.22		275,166.22
Employee Benefits	59,762.44	11,793.90	236,506.44	1,835.12	2,264.78	701.72	13,548.78		326,413.18
Purchased Professional and Technical Services	600.00		20,041.47						20,641.47
Purchased Professional Educational Services	275,790.00						71.76		275,861.76
Purchased Property Services			43,437.96						43,437.96
Cleaning, Repairs, and Maintenance							\$ 17,942.90		17,942.90
Other Purchased Professional Services	32,609.85	6,996.95	91,233.14					773.15	131,613.09
Telephone			2,347.88						2,347.88
Travel	2,882.34	301.94	12,370.63					1,082.88	16,637.79
Supplies and Materials	7,499.25		9,630.14				7,078.10	2,906.43	27,113.92
Other Objects			5,578.00						5,578.00
Indirect Costs	24,833.12	8,568.00	52,255.96						85,657.08
Miscellaneous Expenditures								6,605.78	6,605.78
Total Support Services	530,794.64	51,994.59	1,050,262.88	1,835.12	2,264.78	701.72	25,021.00	300,155.00	1,963,029.73
Total Expenditures	\$ 569,496.27	\$ 59,249.59	\$ 1,405,250.45	\$ 26,039.98	\$ 30,676.73	\$ 9,001.72	\$ 25,021.00	\$ 300,155.00	\$ 2,424,890.74

PROPRIETARY FUNDS

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Net Position
 June 30, 2016

	Enterprise Funds		Total
	Food Service Fund	Other Funds Exhibit G-1a	
ASSETS:			
Current Assets:			
Cash & Cash Equivalents	\$ 103,465.05	\$ 6,321,868.97	\$ 6,425,334.02
Intergovernmental Accounts Receivable:			
State	283.68		283.68
Federal	16,142.19		16,142.19
Other		4,738,909.12	4,738,909.12
Interfund Accounts Receivable			
Inventories	3,280.19		3,280.19
Noncurrent Assets:			
Capital Assets, Net	24,799.29	342,663.77	367,463.06
Total Assets	147,970.40	11,403,441.86	11,551,412.26
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)		3,076,727.08	3,076,727.08
LIABILITIES:			
Current Liabilities:			
Cash Deficit		148,226.77	148,226.77
Accounts Payable		11,347.40	11,347.40
Accounts Payable - Related to Pensions		586,559.45	586,559.45
Accrued Salary and Benefits		248,537.61	248,537.61
Noncurrent Liabilities:			
Due beyond One Year		14,696,500.96	14,696,500.96
Total Liabilities	-	15,691,172.19	15,691,172.19
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)		324,971.73	324,971.73
NET POSITION:			
Net Investment in Capital Assets	24,799.29	342,663.77	367,463.06
Reserve for Encumbrances - Current Year Unrestricted	123,171.11	(1,878,638.75)	(1,755,467.64)
Total Net Position	\$ 147,970.40	\$ (1,535,974.98)	\$ (1,388,004.58)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Proprietary Funds
Other Enterprise Funds
Combining Statement of Net Position
June 30, 2016

	<u>CRESS</u>	<u>Non Public Services</u>	<u>One on One Teachers Assistants</u>	<u>Safe School Program</u>	<u>Therapeutic Recreation Program</u>	<u>Auxiliary Services</u>	<u>Cooperative Transportation Project</u>	<u>Total Carried Forward</u>
ASSETS:								
Current Assets:								
Cash & Cash Equivalents	\$ 1,955,885.34	\$ 591,022.67	\$ 607,563.76	\$ 11,941.56	\$ 42,981.73	\$ 141,093.91		\$ 3,350,488.97
Intergovernmental Accounts Receivable:								
Other	1,081,988.30	349,932.20	1,039,623.02	350.00		3,960.00	\$ 2,152,405.83	4,628,259.35
Noncurrent Assets:								
Capital Assets, Net	39,577.96	192,748.04					104,981.26	337,307.26
Total Assets	3,077,451.60	1,133,702.91	1,647,186.78	12,291.56	42,981.73	145,053.91	2,257,387.09	8,316,055.58
DEFERRED OUTFLOWS OF RESOURCES:								
Related to Pensions (Note 8)	662,863.01	90,864.36	2,027,318.10			5,958.32	112,463.28	2,899,467.07
LIABILITIES:								
Current Liabilities:								
Cash Deficit							148,226.77	148,226.77
Accounts Payable	3,790.00						1,945.00	5,735.00
Accounts Payable - Related to Pension	126,370.83	17,322.75	386,495.96			1,135.92	21,440.44	552,765.90
Accrued Salary and Benefits	108,323.11	47,666.26	86,701.06			861.20		243,551.63
Noncurrent Liabilities:								
Due beyond One Year	3,166,275.93	434,028.83	9,683,823.68			28,460.91	537,199.62	13,849,788.97
Total Liabilities	3,404,759.87	499,017.84	10,157,020.70			30,458.03	708,811.83	14,800,068.27
DEFERRED INFLOWS OF RESOURCES:								
Related to Pensions (Note 8)	70,013.27	9,597.33	214,130.49			629.33	11,878.66	306,249.08
NET POSITION:								
Net Investment in Capital Assets	39,577.96	192,748.04					104,981.26	337,307.26
Reserve for Encumbrances - Current Year Unrestricted	225,963.51	523,204.06	(6,696,646.31)	12,291.56	42,981.73	119,924.87	1,544,178.62	(4,228,101.96)
Total Net Position	\$ 265,541.47	\$ 715,952.10	\$ (6,696,646.31)	\$ 12,291.56	\$ 42,981.73	\$ 119,924.87	\$ 1,649,159.88	\$ (3,890,794.70)

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Proprietary Funds
Other Enterprise Funds
Combining Statement of Net Position
June 30, 2016

	<u>Total Brought Forward</u>	<u>Employee Assistance Program</u>	<u>Nonpublic Textbook Publishing</u>	<u>Additional Remedial Services Chapter I</u>	<u>Summer Food Service</u>	<u>Goals for Youth Program</u>	<u>Together Shelter Homeless Instruction</u>	<u>Computer Services</u>	<u>Total</u>
ASSETS:									
Current Assets:									
Cash & Cash Equivalents	\$ 3,350,488.97	\$ 104,796.58	\$ 75,009.56	\$ 458,417.93	\$ 3,588.85	\$ 77,672.17	\$ 165,625.98	\$ 2,086,268.93	\$ 6,321,868.97
Intergovernmental Accounts Receivable: Other	4,628,259.35		2.57	110,647.20					4,738,909.12
Noncurrent Assets:									
Capital Assets, Net	<u>337,307.26</u>							5,356.51	<u>342,663.77</u>
Total Assets	<u>8,316,055.58</u>	<u>104,796.58</u>	<u>75,012.13</u>	<u>569,065.13</u>	<u>3,588.85</u>	<u>77,672.17</u>	<u>165,625.98</u>	<u>2,091,625.44</u>	<u>11,403,441.86</u>
DEFERRED OUTFLOWS OF RESOURCES:									
Related to Pensions (Note 8)	<u>2,899,467.07</u>			<u>83,416.47</u>		<u>2,234.38</u>		<u>91,609.16</u>	<u>3,076,727.08</u>
LIABILITIES:									
Current Liabilities:									
Cash Deficit	148,226.77								148,226.77
Accounts Payable	5,735.00			3,700.00				1,912.40	11,347.40
Accounts Payable - Related to Pension	552,765.90			15,902.85		425.97		17,464.73	586,559.45
Accrued Salary and Benefits	243,551.63		361.70	4,400.00				224.28	248,537.61
Noncurrent Liabilities:									
Due beyond One Year	<u>13,849,788.97</u>			<u>398,452.70</u>		<u>10,672.84</u>		<u>437,586.45</u>	<u>14,696,500.96</u>
Total Liabilities	<u>14,800,068.27</u>		<u>361.70</u>	<u>422,455.55</u>		<u>11,098.81</u>		<u>457,187.86</u>	<u>15,691,172.19</u>
DEFERRED INFLOWS OF RESOURCES:									
Related to Pensions (Note 8)	<u>306,249.08</u>			<u>8,810.66</u>		<u>236.00</u>		<u>9,675.99</u>	<u>324,971.73</u>
NET POSITION:									
Net Investment in Capital Assets	337,307.26							5,356.51	342,663.77
Reserve for Encumbrances - Current Year Unrestricted	<u>(4,228,101.96)</u>	<u>104,796.58</u>	<u>74,650.43</u>	<u>221,215.39</u>	<u>3,588.85</u>	<u>68,571.74</u>	<u>165,625.98</u>	<u>1,711,014.24</u>	<u>(1,878,638.75)</u>
Total Net Position	<u>\$ (3,890,794.70)</u>	<u>\$ 104,796.58</u>	<u>\$ 74,650.43</u>	<u>\$ 221,215.39</u>	<u>\$ 3,588.85</u>	<u>\$ 68,571.74</u>	<u>\$ 165,625.98</u>	<u>\$ 1,716,370.75</u>	<u>\$ (1,535,974.98)</u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

	Enterprise Funds		Total
	Food Service Fund	Other Funds Exhibit G-2a	
OPERATING REVENUES:			
Local Sources			
Daily Sales - Reimbursable Programs	\$ 119,871.00		\$ 119,871.00
Daily Sales - Non-Reimbursable Programs	26,990.14		26,990.14
Special Functions	33,429.69		33,429.69
Fees for Services		\$ 28,048,990.28	28,048,990.28
Total Operating Revenues	180,290.83	28,048,990.28	28,229,281.11
OPERATING EXPENSES:			
Cost of Goods Sold - Reimbursable Programs	198,032.92		198,032.92
Cost of Goods Sold - Non-Reimbursable Programs	21,209.00		21,209.00
Salaries		10,287,465.25	10,287,465.25
Employee Benefits		6,380,727.10	6,380,727.10
Purchased Professional/Educational Services		46,510.00	46,510.00
Purchased Professional/Professional Services		77,096.85	77,096.85
Purchased Professional/Technical Services	1,065.00	487,804.93	488,869.93
Purchased Professional/Shared Services		636,155.22	636,155.22
Other Purchased Services		34,308.94	34,308.94
Contracted Services	25,499.88	10,943,955.03	10,969,454.91
Printing and Binding		226.65	226.65
Commercial Liability		400.00	400.00
Utilities		4,911.37	4,911.37
Postage Expense		267.32	267.32
Miscellaneous Purchased Services	215,703.42		215,703.42
Operations and Maintenance	6,764.48	16,775.53	23,540.01
Travel		18,122.14	18,122.14
Supplies and Materials	23,430.16	35,588.64	59,018.80
Textbooks		90,866.99	90,866.99
Instructional Equipment		31,707.85	31,707.85
Non-Instructional Equipment		13,547.00	13,547.00
Miscellaneous Expenditures	804.96	679.00	1,483.96
Rental of Land and Buildings		25,000.00	25,000.00
Other Objects		15,013.23	15,013.23
Depreciation	4,484.68	50,002.36	54,487.04
Total Operating Expenses	496,994.50	29,197,131.40	29,694,125.90
Operating Gain/ (Loss)	(316,703.67)	(1,148,141.12)	(1,464,844.79)

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Food Service Fund</u>	<u>Other Funds Exhibit G-2a</u>	
NONOPERATING REVENUES (EXPENSES):			
State Source:			
State School Lunch Program	\$ 4,644.43		\$ 4,644.43
Federal Source:			
National School Lunch Program	159,652.91		159,652.91
National School Breakfast Program	95,617.52		95,617.52
Food Distribution Program	41,821.94		41,821.94
Migrant Summer Food Program		\$ 33,210.24	33,210.24
Total Nonoperating Revenues (Expenses)	<u>301,736.80</u>	<u>33,210.24</u>	<u>334,947.04</u>
Change in Net Position	(14,966.87)	(1,114,930.88)	(1,129,897.75)
Net Position -- July 1, As Restated	<u>162,937.27</u>	<u>(421,044.10)</u>	<u>(258,106.83)</u>
Net Position -- June 30	<u>\$ 147,970.40</u>	<u>\$ (1,535,974.98)</u>	<u>\$ (1,388,004.58)</u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Other Enterprise Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

OPERATING REVENUES:	<u>CRESS</u>	<u>Non Public Services</u>	<u>One on One Teachers Assistants</u>	<u>Safe School Program</u>	<u>Therapeutic Recreation Program</u>	<u>Auxiliary Services</u>	<u>Cooperative Transportation Project</u>	<u>Total Carried Forward</u>
Local Sources								
Fees for Services	\$ 6,792,629.41	\$ 1,640,059.36	\$ 6,569,760.00	\$ 350.00	\$ 44,100.00	\$ 27,000.00	\$ 11,693,269.68	\$ 26,767,168.45
Total Operating Revenues	<u>6,792,629.41</u>	<u>1,640,059.36</u>	<u>6,569,760.00</u>	<u>350.00</u>	<u>44,100.00</u>	<u>27,000.00</u>	<u>11,693,269.68</u>	<u>26,767,168.45</u>
OPERATING EXPENSES:								
Salaries	5,142,518.16	1,084,592.69	3,329,418.40	1,505.00		66,541.82	171,412.02	9,795,988.09
Employee Benefits	1,718,773.45	170,386.37	4,225,195.56	126.56		4,230.64	95,087.29	6,213,799.87
Purchased Professional/Educational Services	375.00	1,589.00			44,346.00		200.00	46,510.00
Purchased Professional/Professional Services		1,636.00			6,350.26			7,986.26
Purchased Professional/Technical Services	402,810.51	10,820.00					4,075.00	417,705.51
Purchased Professional/Shared Services							294,111.61	294,111.61
Other Purchased Services		2,173.91						2,173.91
Contracted Services					10,537.00		10,933,418.03	10,943,955.03
Printing/Binding	226.65							226.65
Commercial Liability					400.00			400.00
Utilities	1,091.61	2,082.71					1,737.05	4,911.37
Postage Expense	267.32							267.32
Operations and Maintenance		750.00						750.00
Travel	10,681.03	2,974.68					3,367.17	17,022.88
Supplies and Materials	15,776.30	15,691.22			1,477.01		1,338.38	34,282.91
Textbooks		90,866.99						90,866.99
Instructional Equipment		31,707.85						31,707.85
Non-Instructional Equipment	6,349.00	2,649.00					4,549.00	13,547.00
Miscellaneous Expenditures	679.00							679.00
Rental of Land and Buildings		25,000.00						25,000.00
Other Objects	313.20				12,751.61		625.00	13,689.81
Depreciation	7,631.63	27,472.94					14,179.28	49,283.85
Total Operating Expenses	<u>7,307,492.86</u>	<u>1,470,393.36</u>	<u>7,554,613.96</u>	<u>1,631.56</u>	<u>75,861.88</u>	<u>70,772.46</u>	<u>11,524,099.83</u>	<u>28,004,865.91</u>
Operating Gain/ (Loss)	<u>(514,863.45)</u>	<u>169,666.00</u>	<u>(984,853.96)</u>	<u>(1,281.56)</u>	<u>(31,761.88)</u>	<u>(43,772.46)</u>	<u>169,169.85</u>	<u>(1,237,697.46)</u>
NONOPERATING REVENUES (EXPENSES):								
Federal Source:								
Migrant Summer Food Program								-
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-	-	-
Change in Net Position	<u>(514,863.45)</u>	<u>169,666.00</u>	<u>(984,853.96)</u>	<u>(1,281.56)</u>	<u>(31,761.88)</u>	<u>(43,772.46)</u>	<u>169,169.85</u>	<u>(1,237,697.46)</u>
Net Position -- July 1, As Restated	<u>780,404.92</u>	<u>546,286.10</u>	<u>(5,711,792.35)</u>	<u>13,573.12</u>	<u>74,743.61</u>	<u>163,697.33</u>	<u>1,479,990.03</u>	<u>(2,653,097.24)</u>
Net Position -- June 30	<u>\$ 265,541.47</u>	<u>\$ 715,952.10</u>	<u>\$ (6,696,646.31)</u>	<u>\$ 12,291.56</u>	<u>\$ 42,981.73</u>	<u>\$ 119,924.87</u>	<u>\$ 1,649,159.88</u>	<u>\$ (3,890,794.70)</u>

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Other Enterprise Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

OPERATING REVENUES:	Total Brought Forward	Employee Assistance Program	Nonpublic Textbook Publishing	Additional Remedial Services Chapter I	Summer Food Service	Goals for Youth Program	Together Shelter Homeless Instruction	Computer Services	Total
Local Sources									
Fees for Services	\$ 26,767,168.45	\$ 71,940.00	\$ 10,690.30	\$ 399,668.52		\$ 9,998.00		\$ 789,525.01	\$ 28,048,990.28
Total Operating Revenues	26,767,168.45	71,940.00	10,690.30	399,668.52	-	9,998.00	-	789,525.01	28,048,990.28
OPERATING EXPENSES:									
Salaries	9,795,988.09			337,940.67	\$ 4,405.25	5,195.00		143,936.24	10,287,465.25
Employee Benefits	6,213,799.87		235.20	86,001.78	337.00	1,211.56		79,141.69	6,380,727.10
Purchased Professional/Educational Services	46,510.00								46,510.00
Purchased Professional/Professional Services	7,986.26	63,547.00						5,563.59	77,096.85
Purchased Professional/Technical Services	417,705.51							70,099.42	487,804.93
Purchased Professional/Shared Services	294,111.61		47,932.00					294,111.61	636,155.22
Other Purchased Services	2,173.91		3,049.50		28,435.50			650.03	34,308.94
Contracted Services	10,943,955.03								10,943,955.03
Printing/Binding	226.65								226.65
Commercial Liability	400.00								400.00
Utilities	4,911.37								4,911.37
Postage Expense	267.32								267.32
Operations and Maintenance	750.00			6,007.63				10,017.90	16,775.53
Travel	17,022.88			480.97		215.76		402.53	18,122.14
Supplies and Materials	34,282.91					202.49		1,103.24	35,588.64
Textbooks	90,866.99								90,866.99
Instructional Equipment	31,707.85								31,707.85
Non-Instructional Equipment	13,547.00								13,547.00
Miscellaneous Expenditures	679.00								679.00
Rental of Land and Buildings	25,000.00								25,000.00
Other Objects	13,689.81					828.42		495.00	15,013.23
Depreciation	49,283.85							718.51	50,002.36
Total Operating Expenses	28,004,865.91	63,547.00	51,216.70	430,431.05	33,177.75	7,653.23	-	606,239.76	29,197,131.40
Operating Gain/ (Loss)	(1,237,697.46)	8,393.00	(40,526.40)	(30,762.53)	(33,177.75)	2,344.77	-	183,285.25	(1,148,141.12)
NONOPERATING REVENUES (EXPENSES):									
Federal Source:									
Summer Food Program	-				33,210.24				33,210.24
Total Nonoperating Revenues (Expenses)	-	-	-	-	33,210.24	-	-	-	33,210.24
Change in Net Position	(1,237,697.46)	8,393.00	(40,526.40)	(30,762.53)	32.49	2,344.77	-	183,285.25	(1,114,930.88)
Net Position -- July 1, As Restated	(2,653,097.24)	96,403.58	115,176.83	251,977.92	3,556.36	66,226.97	\$ 165,625.98	1,533,085.50	(421,044.10)
Net Position -- June 30	\$ (3,890,794.70)	\$ 104,796.58	\$ 74,650.43	\$ 221,215.39	\$ 3,588.85	\$ 68,571.74	\$ 165,625.98	\$ 1,716,370.75	\$ (1,535,974.98)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Enterprise Funds		Total
	Food Service Fund	Other Funds Exhibit G-3a	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 180,790.83	\$ 28,735,509.95	\$ 28,916,300.78
Payments to Employees		(10,039,289.34)	(10,039,289.34)
Payments for Employee Benefits		(5,880,174.42)	(5,880,174.42)
Payments to Vendors	(449,737.15)	(12,553,734.61)	(13,003,471.76)
Net Cash Provided by (used for) Operating Activities	(268,946.32)	262,311.58	(6,634.74)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash Received from State & Federal Reimbursements	263,834.48	33,210.24	297,044.72
Net Cash Provided by (used for) Non-Capital Financing Activities	263,834.48	33,210.24	297,044.72
Net Increase in Cash and Cash Equivalents	(5,111.84)	295,521.82	290,409.98
Cash and Cash Equivalents -- July 1	108,576.89	5,878,120.38	5,986,697.27
Cash and Equivalents -- June 30	\$ 103,465.05	\$ 6,173,642.20	\$ 6,277,107.25
<u>Analysis of Cash Balance at June 30</u>			
Cash and Equivalents	\$ 103,465.05	\$ 6,321,868.97	\$ 6,425,334.02
Cash Deficit		(148,226.77)	(148,226.77)
	\$ 103,465.05	\$ 6,173,642.20	\$ 6,277,107.25
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Operating Income/(Loss)	\$ (316,703.67)	\$ (1,148,141.12)	\$ (1,464,844.79)
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities:			
Change in Assets & Liabilities:			
Depreciation	4,484.68	50,002.36	54,487.04
Food Distribution Program	41,821.94		41,821.94
(Increase)/Decrease in Capital Assets		(12,509.00)	(12,509.00)
(Increase)/Decrease in Other Accounts Receivable	500.00	686,519.67	687,019.67
(Increase)/Decrease in Inventory	950.73		950.73
Increase/(Decrease) in Accounts Payable		(62,288.92)	(62,288.92)
Increase/(Decrease) in Accrued Salaries and Benefits		248,537.61	248,537.61
Increase (Decrease) in Accrued Liabilities Related to Pension		500,190.98	500,190.98
Net Cash Provided by (used for) Operating Activities	\$ (268,946.32)	\$ 262,311.58	\$ (6,634.74)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Other Enterprise Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2016

	<u>CRESS</u>	<u>Non Public Services</u>	<u>One on One Teachers Assistants</u>	<u>Safe School Program</u>	<u>Therapeutic Recreation Program</u>	<u>Total Carried Forward</u>
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from Customers	\$ 6,715,740.36	\$ 1,725,385.88	\$ 6,661,784.00	\$ 1,755.00	\$ 45,500.00	\$ 15,150,165.24
Payments to Employees	(5,034,195.05)	(1,036,926.43)	(3,242,717.34)	(1,505.00)		(9,315,343.82)
Payments for Employee Benefits	(1,611,010.21)	(155,614.32)	(3,895,609.53)	(126.56)		(5,662,360.62)
Payments to Suppliers	(500,420.12)	(192,153.17)			(75,861.88)	(768,435.17)
Net Cash Provided by (used for) Operating Activities	<u>(429,885.02)</u>	<u>340,691.96</u>	<u>(476,542.87)</u>	<u>123.44</u>	<u>(30,361.88)</u>	<u>(595,974.37)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Cash Received from State & Federal Reimbursements						-
Net Cash Provided by (used for) Non-Capital Financing Activities						
CASH FLOWS FROM FINANCING ACTIVITIES:						
Net Increase (Decrease) in Cash and Cash Equivalents	(429,885.02)	340,691.96	(476,542.87)	123.44	(30,361.88)	(595,974.37)
Cash and Cash Equivalents -- July 1	<u>2,385,770.36</u>	<u>250,330.71</u>	<u>1,084,106.63</u>	<u>11,818.12</u>	<u>73,343.61</u>	<u>3,805,369.43</u>
Cash and Equivalents -- June 30	<u>\$ 1,955,885.34</u>	<u>\$ 591,022.67</u>	<u>\$ 607,563.76</u>	<u>\$ 11,941.56</u>	<u>\$ 42,981.73</u>	<u>\$ 3,209,395.06</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:						
Operating Income/(Loss)	\$ (514,863.45)	\$ 169,666.00	\$ (984,853.96)	\$ (1,281.56)	\$ (31,761.88)	\$ (1,363,094.85)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided by (used for) Operating Activities:						
Change in Assets & Liabilities:						
Depreciation	7,631.63	27,472.94				35,104.57
(Increase)/Decrease in Capital Assets	(12,509.00)					(12,509.00)
(Increase)/Decrease in Accounts Receivable	(76,889.05)	85,326.52	92,024.00	1,405.00	1,400.00	103,266.47
Increase/(Decrease) in Accounts Payable	(49,341.50)	(4,211.81)				(53,553.31)
Increase/(Decrease) in Accrued Salaries and Benefits	108,323.11	47,666.26	86,701.06			242,690.43
Increase (Decrease) in Accrued Liabilities Related to Pension	107,763.24	14,772.05	329,586.03			452,121.32
Net Cash Provided by (used for) Operating Activities	<u>\$ (429,885.02)</u>	<u>\$ 340,691.96</u>	<u>\$ (476,542.87)</u>	<u>\$ (30,238.44)</u>	<u>\$ (626,336.25)</u>	<u>\$ (595,974.37)</u>

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Proprietary Funds
Other Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Total Brought Forward	Auxiliary Services	Cooperative Transportation Project	Employee Assistance Program	Nonpublic Textbook Publishing	Total Carried Forward
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from Customers	\$ 15,150,165.24	\$ 25,840.00	\$ 12,283,035.15	\$ 71,940.00	\$ 10,687.73	\$ 27,541,668.12
Payments to Employees	(9,315,343.82)	(65,680.62)	(171,412.02)			(9,552,436.46)
Payments for Employee Benefits	(5,662,360.62)	(3,261.98)	(76,803.87)		126.50	(5,742,299.97)
Payments to Suppliers	(768,435.17)	(215.30)	(11,256,119.1)	(63,547.0)	(51,235.55)	(12,139,552.12)
Net Cash Provided by (used for) Operating Activities	<u>(595,974.37)</u>	<u>(43,317.90)</u>	<u>778,700.16</u>	<u>8,393.00</u>	<u>(40,421.32)</u>	<u>107,379.57</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Cash Received from State & Federal Reimbursements	<u>-</u>					<u>-</u>
Net Cash Provided by (Used in) Non-Capital Financing Activities						
CASH FLOWS FROM INVESTING ACTIVITIES:						
Net Increase (Decrease) in Cash and Cash Equivalents	(595,974.37)	(43,317.90)	778,700.16	8,393.00	(40,421.32)	107,379.57
Cash and Cash Equivalents -- July 1	<u>3,805,369.43</u>	<u>184,411.81</u>	<u>(926,926.93)</u>	<u>96,403.58</u>	<u>115,430.88</u>	<u>3,274,688.77</u>
Cash and Equivalents -- June 30	<u>\$ 3,209,395.06</u>	<u>\$ 141,093.91</u>	<u>\$ (148,226.77)</u>	<u>\$ 104,796.58</u>	<u>\$ 75,009.56</u>	<u>\$ 3,382,068.34</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:						
Operating Income/(Loss)	\$ (1,363,094.85)	\$ (43,772.46)	\$ 169,169.85	\$ 8,393.00	\$ (40,526.40)	\$ (1,269,830.86)
Adjustments to Reconcile Operating Income/(Loss) to Cash provided/(Used) by Operating Activities:						
Change in Assets & Liabilities:						
Depreciation	35,104.57		14,179.28			49,283.85
(Increase)/Decrease in Capital Assets	(12,509.00)					(12,509.00)
(Increase)/Decrease in Accounts Receivable	103,266.47	(1,160.00)	589,765.47		(2.57)	691,869.37
Increase/(Decrease) in Accounts Payable	(53,553.31)	(215.30)	(12,697.86)		(254.05)	(66,720.52)
Increase/(Decrease) in Accrued Salaries and Benefits	242,690.43	861.20			361.70	243,913.33
Increase (Decrease) in Accrued Liabilities Related to Pension	452,121.32	968.66	18,283.42			471,373.40
Net Cash Used in Operating Activities	<u>\$ (595,974.37)</u>	<u>\$ (43,317.90)</u>	<u>\$ 778,700.16</u>	<u>\$ 8,393.00</u>	<u>\$ (40,421.32)</u>	<u>\$ 107,379.57</u>

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Other Enterprise Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2016

	Total Brought Forward	Additional Remedial Services Chapter I	Summer Food Service	Goals for Youth Program	Together Shelter Homeless Instruction	Computer Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from Customers	\$ 27,541,668.12	\$ 390,366.32		\$ 9,998.00		\$ 793,477.51	\$ 28,735,509.95
Payments to Employees	(9,552,436.46)	(333,540.67)	\$ (4,405.25)	(5,195.00)		(143,711.96)	(10,039,289.34)
Payments for Employee Benefits	(5,742,299.97)	(72,440.56)	(337.00)	(848.32)		(64,248.57)	(5,880,174.42)
Payments to Suppliers	(12,139,552.12)	(3,937.10)	(28,467.80)	(1,246.67)		(380,530.92)	(12,553,734.61)
Net Cash Provided by (used for) Operating Activities	<u>107,379.57</u>	<u>(19,552.01)</u>	<u>(33,210.05)</u>	<u>2,708.01</u>		<u>204,986.06</u>	<u>262,311.58</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:							
Cash Received from State & Federal Reimbursements	-		33,210.24				33,210.24
Net Cash Provided by (Used in) Non-Capital Financing Activities			<u>33,210.24</u>				<u>33,210.24</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Net Increase (Decrease) in Cash and Cash Equivalents	107,379.57	(19,552.01)	0.19	2,708.01		204,986.06	295,521.82
Cash and Cash Equivalents -- July 1	<u>3,274,688.77</u>	<u>477,969.94</u>	<u>3,588.66</u>	<u>74,964.16</u>	<u>\$ 165,625.98</u>	<u>1,881,282.87</u>	<u>5,878,120.38</u>
Cash and Equivalents -- June 30	<u>\$ 3,382,068.34</u>	<u>\$ 458,417.93</u>	<u>\$ 3,588.85</u>	<u>\$ 77,672.17</u>	<u>\$ 165,625.98</u>	<u>\$ 2,086,268.93</u>	<u>\$ 6,173,642.20</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:							
Operating Income/(Loss)	\$ (1,269,830.86)	\$ (30,762.53)	\$ (33,177.75)	\$ 2,344.77		\$ 183,285.25	\$ (1,148,141.12)
Adjustments to Reconcile Operating Income/(Loss) to Cash provided/(Used) by Operating Activities:							
Change in Assets & Liabilities:							
Depreciation	49,283.85					718.51	50,002.36
(Increase)/Decrease in Fixed Assets	(12,509.00)						(12,509.00)
(Increase)/Decrease in Accounts Receivable	691,869.37	(9,302.20)				3,952.50	686,519.67
Increase/(Decrease) in Accounts Payable	(66,720.52)	2,551.50	(32.30)			1,912.40	(62,288.92)
Increase/(Decrease) in Accrued Salaries and Benefits	243913.33	4,400.00				224.28	248,537.61
Increase (Decrease) in Accrued Liabilities Related to Pension	471373.4	13,561.22		363.24		14,893.12	500,190.98
Net Cash Used in Operating Activities	<u>\$ 107,379.57</u>	<u>\$ (19,552.01)</u>	<u>\$ (33,210.05)</u>	<u>\$ 2,708.01</u>	<u>\$ -</u>	<u>\$ 204,986.06</u>	<u>\$ 262,311.58</u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Internal Service Fund
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

	<u>Shared Services</u>
OPERATING REVENUES:	
Charges for Services	<u>\$ 1,874,703.52</u>
Total Operating Revenues	<u>1,874,703.52</u>
OPERATING EXPENSES:	
Salaries	<u>1,874,703.52</u>
Total Operating Expenses	<u>1,874,703.52</u>
Operating Income/ (Loss)	<u>-</u>
Change in Net Position	-
Net Position -- July 1	<u>-</u>
Net Position -- June 30	<u><u>\$ -</u></u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Internal Service Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2016

	<u>Shared Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers and Other Funds	\$ 1,874,703.52
Payments to Employees	<u>(1,874,703.52)</u>
Net Cash Provided by (used for) Operating Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents -- July 1	<u>-</u>
Cash and Equivalents -- June 30	<u><u>\$ -</u></u>
<u>Analysis of Cash Balance at June 30</u>	
Cash and Equivalents	<u><u>\$ -</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income/(Loss)	<u>\$ -</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ -</u></u>

FIDUCIARY FUNDS

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2016

	<u>Private-Purpose Trust Funds</u>		<u>Agency Funds</u>		
	<u>Donations Trust Fund</u>	<u>Scholarship Trust Fund</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:					
Cash and Cash Equivalents	\$ 126,552.92	\$ 1,745.45	\$ 124,376.54	\$ 118,311.17	\$ 370,986.08
Total Assets	<u>126,552.92</u>	<u>1,745.45</u>	<u>\$ 124,376.54</u>	<u>\$ 118,311.17</u>	<u>370,986.08</u>
LIABILITIES:					
Due to Student Groups			\$ 124,376.54		124,376.54
Accrued Salary and Wages Payable				\$ 112,285.78	112,285.78
Interfund Accounts Payable				6,025.39	6,025.39
Total Liabilities			<u>\$ 124,376.54</u>	<u>\$ 118,311.17</u>	<u>242,687.71</u>
NET POSITION:					
Held in Trust:					
For Students	126,552.92				126,552.92
For Scholarship Funds		1,745.45			1,745.45
Total Net Position	<u>\$ 126,552.92</u>	<u>\$ 1,745.45</u>			<u>\$ 128,298.37</u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2016

	<u>Private-Purpose Trust Funds</u>		
	<u>Donations Trust</u>	<u>Scholarship Trust</u>	<u>Total</u>
ADDITIONS:			
Local Sources:			
Gifts and Contributions	\$ 9,074.00	_____	\$ 9,074.00
Total Additions	<u>9,074.00</u>	<u>-</u>	<u>9,074.00</u>
DEDUCTIONS:			
Cash Disbursements	<u>3,857.57</u>	_____	<u>3,857.57</u>
Total Deductions	<u>3,857.57</u>	_____	<u>3,857.57</u>
Change in Net Position	5,216.43	-	5,216.43
Net Position, July 1	<u>121,336.49</u>	\$ 1,745.45	<u>123,081.94</u>
Net Position, June 30	<u>\$ 126,552.92</u>	<u>\$ 1,745.45</u>	<u>\$ 128,298.37</u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Bankbridge Vocational	\$ 79,433.73	\$ 35,752.99	\$ 58,582.78	\$ 56,603.94
Bankbridge Elementary	3,628.30	12,439.37	9,475.80	6,591.87
Bankbridge Development Center	5,391.33	16,905.66	13,743.71	8,553.28
Local Goals for Youth	151.83			151.83
Migrant	959.58			959.58
Miracle League Field	16,052.72	1,680.65	6,786.03	10,947.34
Sean Byrne Fund	47,926.75	4,178.00	11,536.05	40,568.70
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 153,544.24</u>	<u>\$ 70,956.67</u>	<u>\$ 100,124.37</u>	<u>\$ 124,376.54</u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 99,938.65	\$ 41,900,143.62	\$ 41,881,771.10	\$ 118,311.17
Total Assets	<u>\$ 99,938.65</u>	<u>\$ 41,900,143.62</u>	<u>\$ 41,881,771.10</u>	<u>\$ 118,311.17</u>
LIABILITIES:				
Payroll Deductions and Withholdings		\$ 17,192,004.24	\$ 17,192,004.24	
Accrued Salary and Wages	\$ 93,898.79	24,708,139.38	24,689,752.39	\$ 112,285.78
Interfund Accounts Payable	<u>6,039.86</u>		<u>14.47</u>	<u>6,025.39</u>
Total Liabilities	<u>\$ 99,938.65</u>	<u>\$ 41,900,143.62</u>	<u>\$ 41,881,771.10</u>	<u>\$ 118,311.17</u>

LONG-TERM DEBT

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2016

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>		<u>Amount Outstanding June 30, 2015</u>	<u>Issued</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2016</u>
				<u>Principal</u>	<u>Interest</u>				
GE Capital Info Tech Solutions	May 1, 2015	May 1, 2015 to April 1, 2020	5.60%	\$ 367,987.15	\$ 54,772.65	\$ 357,304.92		\$ 66,225.03	\$ 291,079.89
						<u>\$ 357,304.92</u>	<u>\$ -</u>	<u>\$ 66,225.03</u>	<u>\$ 291,079.89</u>

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

Gloucester County Special Services School District
 Net Position by Component
 Last Ten Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net Investment in Capital Assets	\$ 29,337,277.76	\$ 30,015,884.18	\$ 30,708,223.97	\$ 31,589,303.91	\$ 32,112,273.04	\$ 32,536,658.16	\$ 32,918,945.03	\$ 32,725,755.10	\$ 32,725,755.10	\$ 30,318,628.79
Restricted	536,440.00	628,653.00	628,651.00	628,591.00	671,006.23	1,097,727.46	806,186.29	1,644,878.86	1,644,878.86	2,967,626.29
Unrestricted	(12,835,372.25)	(24,112,249.65)	4,925,761.43	4,434,709.73	4,266,374.13	3,106,737.83	4,555,797.97	3,913,673.05	3,913,673.05	898,867.03
Total Governmental Activities Net Position	\$ 17,038,345.51	\$ 6,532,287.53	\$ 36,262,636.40	\$ 36,652,604.64	\$ 37,049,653.40	\$ 36,741,123.45	\$ 38,280,929.29	\$ 38,284,307.01	\$ 38,284,307.01	\$ 34,185,122.11
Business-type Activities										
Net Investment in Capital Assets	\$ 367,463.06	\$ 409,441.10	\$ 278,367.85	\$ 326,681.20	\$ 395,535.05	\$ 397,462.30	\$ 124,625.91	\$ 152,619.98	\$ 152,619.98	\$ 199,672.67
Unrestricted	(1,755,467.64)	11,363,566.15	10,893,610.92	10,675,326.51	10,649,339.12	10,125,159.02	9,714,339.99	8,015,246.04	8,015,246.04	6,618,718.13
Total Business-type Activities Net Position	\$ (1,388,004.58)	\$ 11,773,007.25	\$ 11,171,978.77	\$ 11,002,007.71	\$ 11,044,874.17	\$ 10,522,621.32	\$ 9,838,965.90	\$ 8,167,866.02	\$ 8,167,866.02	\$ 6,818,390.80
District-wide										
Net Investment in Capital Assets	\$ 29,704,740.82	\$ 30,425,325.28	\$ 30,986,591.82	\$ 31,915,985.11	\$ 32,507,808.09	\$ 32,934,120.46	\$ 33,043,570.94	\$ 32,878,375.08	\$ 32,322,537.64	\$ 30,518,301.46
Restricted	536,440.00	628,653.00	628,651.00	628,591.00	671,006.23	1,097,727.46	806,186.29	1,644,878.86	1,574,442.93	2,967,626.29
Unrestricted	(14,590,839.89)	(12,748,683.50)	15,819,372.35	15,110,036.24	14,915,713.25	13,231,896.85	14,270,137.96	11,928,919.09	7,713,190.20	7,517,585.16
Total District-wide Net Position	\$ 15,650,340.93	\$ 18,305,294.78	\$ 47,434,615.17	\$ 47,654,612.35	\$ 48,094,527.57	\$ 47,263,744.77	\$ 48,119,895.19	\$ 46,452,173.03	\$ 41,610,170.77	\$ 41,003,512.91

Source: District Records

Gloucester County Special Services School District
Changes in Net Position
Last Ten Fiscal Years (accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net Expenses										
Governmental Activities										
Instruction										
Special Education	\$ 12,090,005.76	\$ 11,874,779.37	\$ 11,187,859.01	\$ 10,793,258.22	\$ 10,685,256.15	\$ 10,233,473.72	\$ 10,953,706.38	\$ 10,601,338.16	\$ 10,062,559.36	\$ 9,539,964.18
Other Special Education	395,769.57	403,498.13	430,371.71	377,147.27	390,512.81	528,217.01	765,682.80	792,677.13	719,439.98	894,377.78
Support Services:										
Student & Instruction Related Services	6,827,578.96	6,476,707.98	6,677,309.69	6,681,446.29	6,026,861.76	5,695,090.31	6,948,586.79	6,505,372.44	6,443,439.81	7,334,401.97
General Administrative Services	329,968.60	297,506.18	295,150.54	572,661.09	373,732.21	656,873.18	810,737.36	464,959.20	506,123.44	947,634.79
School Administrative Services	1,465,680.76	1,394,016.43	1,345,315.87	1,136,037.69	1,218,822.26	1,046,291.97	1,029,062.23	976,534.87	1,009,734.27	492,895.49
Central Services	2,275,353.09	2,332,634.10	2,358,550.74	1,798,200.81	1,775,475.03	1,518,606.30	1,431,652.02	207,700.63	153,171.24	358,007.36
Plant Operations and Maintenance	3,028,317.51	2,944,427.16	2,984,850.74	3,304,914.06	2,938,633.91	2,924,087.38	2,872,349.52	2,900,502.44	2,434,298.00	2,401,290.56
Pupil Transportation	72,346.45	66,096.07	56,095.79	54,653.92	43,401.62	26,357.53	23,997.96	19,812.57	30,038.61	34,202.93
Allocated Benefits							31,495.56	407,028.48	26,148.00	230,815.34
Unallocated Benefits	15,652,129.80	13,858,030.29	9,902,108.80	9,308,633.13	8,307,422.90	7,680,748.34	7,594,093.32	7,012,232.98	7,314,029.03	5,906,261.93
Capital Outlay		4,949.71	1,009,415.12	1,009,608.84	482,286.45					
Special Schools								29,587.92	19,540.73	1,382,363.93
Unallocated Depreciation	302,460.35	301,875.27	301,592.27	303,183.40	296,475.64	257,303.85	28,724.71	42,389.22	115,487.99	201,089.72
Total Governmental Activities Expenses	42,439,610.85	39,954,520.69	36,548,620.28	35,339,744.72	32,538,880.74	30,567,049.59	32,490,088.65	29,960,136.04	28,834,010.46	29,723,305.98
Business-type Activities:										
Food Service	496,994.50	482,224.27	483,136.88	484,802.89	444,151.54	493,710.53	521,436.25	515,021.24	470,970.96	436,739.08
Enterprise Other	29,197,131.40	28,210,660.46	27,319,525.58	24,302,243.76	24,308,301.53	22,086,630.32	17,625,181.16	17,325,408.47	17,628,367.74	17,299,907.74
Total Business-type Activities Expense	29,694,125.90	28,692,884.73	27,802,662.46	24,787,046.65	24,752,453.07	22,580,340.85	18,146,617.41	17,840,429.71	18,099,338.70	17,736,646.82
Total District Expenses	\$ 72,133,736.75	\$ 68,647,405.42	\$ 64,351,282.74	\$ 60,126,791.37	\$ 57,291,333.81	\$ 53,147,390.44	\$ 50,636,706.06	\$ 47,800,565.75	\$ 46,933,349.16	\$ 47,459,952.80
Program Revenues										
Governmental Activities:										
Charges for Services:										
Business and Other Support Services	\$ 1,874,703.52	\$ 1,794,376.71	\$ 1,811,103.08	\$ 1,213,241.12	\$ 1,597,280.07	\$ 1,675,054.74	\$ 1,781,561.12			
Operating Grants and Contributions	9,695,587.43	8,003,311.33	4,546,100.82	4,899,543.12	4,515,353.55	4,027,269.58	6,083,330.64	\$ 6,166,679.12	\$ 6,315,994.20	\$ 8,725,728.87
Total Governmental Activities Program Revenues	11,570,290.95	9,797,688.04	6,357,203.90	6,112,784.24	6,112,633.62	5,702,324.32	7,864,891.76	6,166,679.12	6,315,994.20	8,725,728.87
Business-type activities:										
Charges for services:										
Food Service	180,290.83	185,216.42	230,321.43	142,851.02	219,657.51	52,910.49	244,645.38	309,606.57	165,632.04	266,123.45
Enterprise Other	28,037,584.52	28,778,685.35	27,185,292.77	25,036,780.19	24,789,739.10	22,877,124.27	19,810,794.92	18,688,361.50	17,637,222.77	16,752,509.28
Operating Grants and Contributions	334,947.04	334,569.92	383,205.30	353,881.98	215,474.66	277,764.36	318,000.65	280,853.78	207,566.97	227,158.76
Total Business-type Activities Program Revenues	28,552,822.39	29,298,471.69	27,798,819.50	25,533,513.19	25,224,871.27	23,207,799.12	20,373,440.95	19,278,821.85	18,010,421.78	17,245,791.49
Total District Program Revenues	\$ 40,123,113.34	\$ 39,096,159.73	\$ 34,156,023.40	\$ 31,646,297.43	\$ 31,337,504.89	\$ 28,910,123.44	\$ 28,238,332.71	\$ 25,445,500.97	\$ 24,326,415.98	\$ 25,971,520.36
Net (Expense)/Revenue										
Governmental Activities	\$ (30,869,319.90)	\$ (30,156,832.65)	\$ (30,191,416.38)	\$ (29,226,960.48)	\$ (26,426,247.12)	\$ (24,864,725.27)	\$ (24,625,196.89)	\$ (23,793,456.92)	\$ (22,518,016.26)	\$ (20,997,577.11)
Business-type Activities	(1,141,303.51)	605,586.96	(3,842.96)	746,466.54	472,418.20	627,458.27	2,226,823.54	1,438,392.14	(88,916.92)	(490,855.33)
Total District-wide Net Expense	\$ (32,010,623.41)	\$ (29,551,245.69)	\$ (30,195,259.34)	\$ (28,480,493.94)	\$ (25,953,828.92)	\$ (24,237,267.00)	\$ (22,398,373.35)	\$ (22,355,064.78)	\$ (22,606,933.18)	\$ (21,488,432.44)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
County Appropriation	\$ 563,078.00	\$ 563,078.00	\$ 1,319,113.00	\$ 1,227,762.00	\$ 499,211.00	\$ 827,710.00	\$ (675,497.65)	\$ 1,848,202.00	\$ 1,080,490.00	\$ 500,500.00
Tuition - LEA's	26,860,682.04	27,137,777.50	26,749,575.88	26,056,788.14	25,124,391.52	23,463,701.07	23,993,387.59	24,239,150.45	20,602,674.90	18,239,467.59
Nonresident Fees	1,046,105.95	1,083,782.16	1,096,776.72	1,038,950.92	996,178.62	848,926.96	898,782.01	860,403.73	553,133.76	501,616.60
Unrestricted Grants and Contributions										
Federal, State and Local Aid Restricted	83,321.25	269,275.95	13,833.09	43,736.56	27,664.41	25,190.25	41,758.10	20,075.55	26,214.56	40,250.91
Miscellaneous Income	794,839.02	339,797.34	631,512.38	457,817.48	331,478.80	626,347.47	455,184.26	891,946.84	495,111.36	786,084.75
Other Items:										
Cancellation of Prior Year Payable/(Receivable)		(2,655.76)	(2,479.51)	27,591.52	(255,242.84)	(37,710.80)				
Refund of Prior Period Tuition/Revenue	(3,762.48)			(18,975.01)		(2,283,563.90)				
Transfers		2,644.84					(64,848.00)			
Refund of Capital Outlay Expenditures	0.02	0.37				64,086.70				
Gain / (Loss) on Disposal of Capital Assets			(6,883.42)	(3,759.89)	(1,888.25)	(272,161.54)	(26,947.14)	(704,411.53)	412,209.87	(1,175,755.25)
Total Governmental Activities	29,344,263.80	29,392,239.78	29,801,448.14	28,829,911.72	26,734,777.07	23,324,919.43	24,621,819.17	27,197,067.04	23,213,591.04	18,892,164.60

Gloucester County Special Services School District
 Changes in Net Position
 Last Ten Fiscal Years (accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Position (Continued)										
Business-type Activities:										
Transfers		\$ (2,644.84)								
County Appropriation			\$ 243,965.00	\$ 335,316.00	\$ 63,867.00	\$ 65,368.00	\$ 61,960.00			
Other Items:										
Capital Contributions			(50,000.00)	(1,050,000.00)						
Adjustment of Prior Period Tuition/Revenue	\$ 23,273.72	2,259.84	(1,560.02)	(8,052.19)	(3,761.59)	(69,750.08)				
Transfers						265,503.21	64,848.00			
Gain / (Loss) on Disposal of Capital Assets		(4,173.48)	(6,130.16)	(4,636.04)	(2,291.30)					
Cancellation of Prior Year Payable/(Receivable)	(11,867.96)		(12,460.80)	(61,960.77)	(7,979.46)	(204,923.98)	(682,531.66)			
Total Business-type Activities	11,405.76	(4,558.48)	173,814.02	(789,333.00)	49,834.65	56,197.15	(555,723.66)			
Total District-wide	\$ 29,355,669.56	\$ 29,387,681.30	\$ 29,975,262.16	\$ 28,040,578.72	\$ 26,784,611.72	\$ 23,381,116.58	\$ 24,066,095.51	\$ 27,197,067.04	\$ 23,213,591.04	\$ 18,892,164.60
Change in Net Position										
Governmental Activities	\$ (1,525,056.10)	\$ (764,592.87)	\$ (389,968.24)	\$ (397,048.76)	\$ 308,529.95	\$ (1,539,805.84)	\$ (3,377.72)	\$ 3,403,610.12	\$ 695,574.78	\$ (2,105,412.51)
Business-type Activities	(1,129,897.75)	601,028.48	169,971.06	(42,866.46)	522,252.85	683,655.42	1,671,099.88	1,438,392.14	(88,916.92)	(490,855.33)
Total District	\$ (2,654,953.85)	\$ (163,564.39)	\$ (219,997.18)	\$ (439,915.22)	\$ 830,782.80	\$ (856,150.42)	\$ 1,667,722.16	\$ 4,842,002.26	\$ 606,657.86	\$ (2,596,267.84)

Source: District Records

Gloucester County Special Services School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years (modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund										
Reserved							\$ 1,259,522.21	\$ 165,124.30	\$ 62,804.30	\$ 86,909.49
Unreserved							4,913,741.10	4,834,518.53	1,731,092.86	1,461,885.75
Restricted	\$ 536,440.00	\$ 628,653.00	\$ 628,651.00	\$ 628,591.00	\$ 627,991.00	\$ 626,891.00				
Assigned	4,369,619.92	3,828,727.00	4,029,213.00	3,382,509.84	3,121,816.55	2,763,906.87				
Unassigned	1,568,456.78	2,158,429.85	1,962,641.77	2,018,720.21	2,136,731.20	1,310,439.66				
Total General Fund	<u>\$ 6,474,516.70</u>	<u>\$ 6,615,809.85</u>	<u>\$ 6,620,505.77</u>	<u>\$ 6,029,821.05</u>	<u>\$ 5,886,538.75</u>	<u>\$ 4,701,237.53</u>	<u>\$ 6,173,263.31</u>	<u>\$ 4,999,642.83</u>	<u>\$ 1,793,897.16</u>	<u>\$ 1,548,795.24</u>
All Other Governmental Funds										
Reserved							\$ 243,381.99	\$ 1,582,074.56	\$ 1,511,638.63	\$ 2,907,687.08
Restricted, Reported in:										
Capital Projects Fund						\$ 335,764.56				
Assigned, Reported in:										
Capital Projects Fund					\$ 43,015.23	135,071.90				
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,015.23</u>	<u>\$ 470,836.46</u>	<u>\$ 243,381.99</u>	<u>\$ 1,582,074.56</u>	<u>\$ 1,511,638.63</u>	<u>\$ 2,907,687.08</u>

Source: District Records

Gloucester County Special Services School District
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (modified accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
County Appropriation	\$ 563,078.00	\$ 563,078.00	\$ 1,319,113.00	\$ 1,227,762.00	\$ 499,211.00	\$ 827,710.00	\$ (611,410.95)	\$ 1,848,202.00	\$ 1,080,490.00	\$ 500,500.00
Tuition Charges	27,906,787.99	28,221,559.66	27,846,352.60	27,095,739.06	26,120,570.14	24,312,628.03	24,892,169.60	25,099,554.18	21,155,808.66	18,741,084.19
Interest Earnings					12,983.81				2,865.09	2,634.01
Miscellaneous	885,578.45	423,492.91	701,446.60	528,194.23	444,229.07	757,425.72	553,798.38	999,115.67	550,305.19	786,141.74
State Sources	3,615,291.69	3,120,068.14	2,785,990.32	3,067,756.42	2,459,444.08	2,073,648.60	4,152,240.27	4,298,740.40	4,474,441.85	6,685,646.98
Federal Sources	2,117,317.56	1,924,184.57	1,704,009.37	1,805,146.51	1,970,823.61	1,910,126.20	1,810,147.65	1,822,545.44	1,853,464.58	2,077,641.80
Total Revenue	35,088,053.69	34,252,383.28	34,356,911.89	33,724,598.22	31,507,261.71	29,881,538.55	30,796,944.95	34,068,157.69	29,117,375.37	28,793,648.72
Expenditures										
Instruction										
Special Education Instruction	11,913,554.25	11,711,242.43	11,029,395.32	10,648,766.62	10,608,697.43	10,145,551.41	10,909,069.12	10,557,563.75	10,021,030.39	9,505,154.96
Other Special Instruction	395,769.57	403,498.13	430,371.71	377,147.27	382,512.11	528,217.01	671,776.77	792,677.13	719,439.98	894,377.78
Support Services:										
Student & Instruction Related Services	6,817,837.57	6,475,666.31	6,651,409.59	6,667,705.44	5,999,235.94	5,486,068.86	6,766,274.21	6,485,968.92	6,432,241.69	7,322,922.91
General Administrative Services	278,296.49	243,102.86	241,363.57	509,442.52	309,459.96	439,642.93	508,233.66	488,474.20	541,173.21	930,801.08
School Administrative Services	1,464,166.66	1,392,046.71	1,342,448.18	1,130,200.99	1,209,373.59	1,036,028.35	1,018,798.61	953,156.66	988,104.34	481,676.83
Central Services	400,649.57	541,667.12	547,447.66	584,959.69	174,564.54	169,417.41	215,121.69	194,827.02	136,765.22	333,908.37
Plant Operations and Maintenance	2,656,460.19	2,514,077.24	2,544,542.50	2,833,071.52	2,473,996.57	2,440,134.60	2,415,022.98	2,451,622.39	1,982,607.36	1,978,976.30
Pupil Transportation	50,999.96	43,963.87	28,619.35	27,177.48	25,169.17	8,125.08	8,791.13	13,682.62	23,908.66	27,919.19
Allocated Benefits										230,815.34
Unallocated Employee Benefits	7,676,276.58	7,828,370.99	7,313,650.46	6,568,435.01	6,120,518.90	5,991,257.08	5,866,768.04	5,306,062.54	5,431,667.84	3,937,829.47
On-Behalf Pension Contributions	2,375,613.00	1,826,907.00	1,495,144.00	1,810,579.00	1,199,881.00	841,926.00	785,937.00	817,537.00	1,047,624.00	1,020,991.00
Reimbursed TPAF Social Security	939,523.69	990,556.14	993,741.32	955,272.42	962,458.08	934,617.60	941,388.28	888,633.44	834,737.19	841,862.46
Special Schools								29,587.92	19,540.73	1,382,363.93
Capital Outlay	256,436.85	495,321.71	1,145,614.00	1,819,110.70	1,028,671.59	847,935.53	789,987.55	1,812,182.50	2,294,018.29	8,635,559.84
Total Expenditures	35,225,584.38	34,466,420.51	33,763,747.66	33,931,868.66	30,494,538.88	28,868,921.86	30,897,169.04	30,791,976.09	30,472,858.90	37,525,159.46
Excess (Deficiency) of Revenues Over (Under) Expenditures	(137,530.69)	(214,037.23)	593,164.23	(207,270.44)	1,012,722.83	1,012,616.69	(100,224.09)	3,276,181.60	(1,355,483.53)	(8,731,510.74)
Other Financing Sources (Uses)										
Special Revenue Fund Adjustment	0.02									
Capital Projects Fund Adjustment					(4,258.06)					
Cancellation of Prior Year Payables/(Receivables)		(2,655.76)	(2,479.51)	27,591.37	(250,984.78)	(37,710.80)				
Capital Lease (Non-Budget)		210,812.48		298,921.00					204,537.00	
Refund of Prior Period Tuition/Revenue	(3,762.48)	(1,460.25)		(18,974.86)		(2,283,563.90)				
Refund of Capital Outlay Expenditures						64,086.70				
Transfers In/(Out)		2,644.84					(64,848.00)			
Total Other Financing Sources (Uses)	(3,762.46)	209,341.31	(2,479.51)	307,537.51	(255,242.84)	(2,257,188.00)	(64,848.00)	-	204,537	
Net Change in Fund Balances	\$ (141,293.15)	\$ (4,695.92)	\$ 590,684.72	\$ 100,267.07	\$ 757,479.99	\$ (1,244,571.31)	\$ (165,072.09)	\$ 3,276,181.60	\$ (1,150,946.53)	\$ (8,731,510.74)

Source: District Records

GLOUCESTER COUNTY SPECIAL SERVICES DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (modified accrual basis of accounting)
 Unaudited

	Fiscal Year Ending June 30,									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tuition - LEA's	\$ 26,860,682.04	\$ 27,137,777.50	\$ 26,749,575.88	\$ 26,056,788.14	\$ 25,124,391.52	\$ 23,463,701.07	\$ 23,993,387.59	\$ 24,239,150.45	\$ 20,602,674.90	\$ 18,239,467.59
Nonresident Fees	1,046,105.95	1,083,782.16	1,096,776.72	1,038,950.92	996,178.62	848,926.96	898,782.01	860,403.73	553,133.76	501,616.60
Interest Earned on Capital Reserve Funds					1,000.00				2,865.09	2,634.01
Interest Earned on Investments	504.31	132.58	117.23	1,876.97	11,983.81	22,548.57	27,786.55	40,517.70	162,318.25	284,479.44
Refunds of Prior Years Revenues			8,886.90	9,771.24		281,213.51	50,863.70	28,643.31		53,117.29
Refunds of Prior Years Expenditures	516,800.86	37,266.50	147,076.49	50,894.92	64,715.13					
Indirect Costs		60,361.71	69,975.34	65,646.45	59,556.00	72,833.64	83,477.00	13,543.00	24,950.00	36,646.00
Rent						10,500.00		4,629.84	4,629.84	2,000.00
Shared Services								560,481.24	141,723.51	80,000.00
Retail Trades		37,007.76	46,478.27	184,296.47	180,769.87	209,480.36	55,184.72	47,499.40	41,441.99	212,980.87
Miscellaneous	277,533.85	205,028.79	358,978.15	145,331.43	26,437.80	52,319.96	237,872.29	196,632.35	120,047.77	114,227.14
	<u>\$ 28,701,627.01</u>	<u>\$ 28,561,357.00</u>	<u>\$ 28,477,864.98</u>	<u>\$ 27,553,556.54</u>	<u>\$ 26,465,032.75</u>	<u>\$ 24,961,524.07</u>	<u>\$ 25,347,353.86</u>	<u>\$ 25,991,501.02</u>	<u>\$ 21,653,785.11</u>	<u>\$ 19,527,168.94</u>

Source: District Records

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

Gloucester County Special Services School District
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2016	Unavailable	Unavailable	Unavailable	5.6%
2015	291,479	Unavailable	Unavailable	6.0%
2014	290,951	\$ 13,559,189,453	\$ 46,603	7.1%
2013	289,940	13,096,299,860	45,169	8.5%
2012	289,671	12,986,819,943	44,833	10.0%
2011	289,363	12,583,818,144	43,488	9.3%
2010	288,602	11,951,297,422	41,411	10.0%
2009	289,920	11,843,521,920	40,851	9.2%
2008	288,168	11,726,420,424	40,693	5.4%
2007	286,056	11,115,277,992	38,857	4.3%

Source:

- (1) Information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (3) Per Capita personal income data provided by the NJ Dept of Labor and Workforce Development
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

Gloucester County Special Services School District
Principal Employers
Current Year and Ten Years Ago
Unaudited

<u>Employer</u>	<u>2016</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Inspira Health	1,825	1	1.28%			
Underwood Memorial Hospital				1,780	1	1.26%
Kennedy (Hospital) Health Alliance	1,675	2	1.18%	1,035	2	1.16%
Rowan University	1,483	3	1.04%	1,637	3	1.16%
Missa Bay, LLC	950	4	0.67%	600	8	0.43%
U.S. FoodService	725	5	0.51%	900	4	0.64%
Direct Group				720	5	0.51%
US Postal Service				700	6	0.50%
Compucom Systems Inc				600	7	0.43%
Sony Music				582	9	0.41%
ExxonMobil Research and Engineering Co.	540	6	0.38%			
LaBrea Bakery	525	7	0.37%			
Delaware Valley Wholesale Florist	500	8	0.35%	550	10	0.39%
Drugstore.com	450	9	0.32%			
Hertiage Dairy Stores	450	9	0.32%			
Johnson Matthey	437	10	0.31%			
	<u>9,560</u>		<u>6.72%</u>	<u>9,104</u>		<u>6.89%</u>

Source: Gloucester County Department of Economic Development

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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

<u>Fiscal</u>	<u>Enrollment</u>	<u>Operating Expenditures (1)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (2)</u>	<u>Average Daily Enrollment (ADE) (3)</u>	<u>Average Daily Attendance (ADA) (3)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2016	704.7	\$ 34,969,147.53	\$ 49,622.74	6.24%	214.5	704.7	652.0	-3.11%	92.52%
2015	727.3	33,971,098.80	46,708.51	4.53%	213.1	727.3	668.1	-0.43%	91.86%
2014	730.0	32,618,133.66	44,682.37	2.70%	237.0	730.5	667.1	-1.04%	91.32%
2013	738.1	32,112,757.96	43,507.33	7.82%	211.0	738.1	678.4	1.08%	91.91%
2012	730.2	29,465,867.29	40,353.15	-0.27%	204.0	730.2	666.8	5.44%	91.32%
2011	692.5	28,020,986.33	40,463.52	2.44%	Not available	692.5	636.1	-9.14%	91.86%
2010	762.2	30,107,181.49	39,500.37	5.96%	Not available	762.2	692.5	1.40%	90.86%
2009	751.7	28,020,986.33	37,276.82	-10.76%	Not available	751.7	686.8	4.29%	91.37%
2008	720.8	30,107,181.49	41,769.12	-7.55%	Not available	720.8	650.1	12.73%	90.19%
2007	639.4	28,889,599.62	45,182.36	7.69%	Not available	639.4	583.0	-1.68%	91.18%

Sources: District records, ASSA and Schedule J-4

Note: Enrollment based on annual October district count.

- (1) Operating expenditures equal total expenditures less debt service and capital outlay
- (2) Teaching staff includes only full-time equivalents of certificated staff.
- (3) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>District Building</u>										
<u>Special Education</u>										
Bankbridge Elementary (2002)										
Square Feet	39,081	39,081	39,081	39,081	39,081	39,081	39,081	39,081	39,081	39,081
Capacity (students) ¹										
Bankbridge Regional School (2000)										
Square Feet	79,670	79,670	79,670	79,670	79,670	79,670	79,670	79,670	79,670	79,670
Capacity (students) ¹										
Bankbridge Development Center (2007)										
Square Feet	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200	-
Capacity (students) ¹										
Enrollment ²	704.7	727.3	730.0	738.1	730.2	692.5	762.2	751.7	665.5	595.0

Number of Schools at June 30, 2016
 Special Education = 3

¹ N.J.S.A. 18A:7G et seq. provides no standard capacity for County Special Services School Districts due to the specialized population served.

² Bankbridge is treated as one school for reporting enrollment. Such treatment provides maximum flexibility in addressing each student's individual needs.

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

Gloucester County Special Services School District
 Schedule of Required Maintenance
 Last Ten Fiscal Years
 Unaudited

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

* School Facilities	Project # (s)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Bankbridge Elementary School	SP 200456	\$ 43,267	\$ 35,835	\$ 78,143	\$ 107,560	\$ 20,297	\$ 20,143	\$ 32,059	\$ 35,412	\$ 47,909	\$ 49,898
Bankbridge Regional School	SP 98129	273,988	77,182	108,288	177,578	105,893	73,230	41,615	42,541	66,881	94,965
Bankbridge Development Center	N/A	18,499	39,128	24,042	76,235	19,271	45,410	22,518	14,196	11,897	
Total School Facilities		<u>\$ 335,754</u>	<u>\$ 152,145</u>	<u>\$ 210,473</u>	<u>\$ 361,373</u>	<u>\$ 145,460</u>	<u>\$ 138,783</u>	<u>\$ 96,192</u>	<u>\$ 92,148</u>	<u>\$ 126,687</u>	<u>\$ 144,863</u>

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

Source: District Records

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Insurance Schedule

June 30, 2016

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Automobile Liability (1)		
Bodily Injury and Property Damage	\$ 16,000,000 per accident	
Uninsured/Underinsured Motorists - Private Passenger Auto	1,000,000 per accident	
Uninsured/Underinsured Motorists - All Other Vehicles	15,000 Bodily Injury Per Person	
	30,000 Bodily Injury Per Accident	
	5,000 Property Damage Per Accident	
Property (1)		
Blanket Real and Personal Property	\$ 400,000,000 per occurrence NJSIG Limit	\$ 5,000
Blanket Extra Expense	50,000,000 per occurrence NJSIG Limit	5,000
Blanket Valuable Papers and Records	10,000,000 per occurrence NJSIG Limit	5,000
Demolition and Increased Cost of Construction	25,000,000 per occurrence NJSIG Limit	
Loss of Business Income/Tuition	2,900,000	
Pollutant Cleanup and Removal	250,000 per occurrence	
Sublimits: Special Flood Hazard Area Flood Zones	20,000,000 per occurrence/NJSIG annual aggregate	500,000 per building 500,000 per building contents
Earthquake	50,000,000 per occurrence/NJSIG annual aggregate	
Terrorism	1,000,000 per occurrence/NJSIG annual aggregate	
Comprehensive General Liability (1)		
Combined Single Limit for Bodily Injury & Property Damage	\$ 16,000,000 Combined Single Limit for Bodily Injury & Property Damage	
Bodily Injury from Products and Completed Operations	\$ 16,000,000 annual aggregate	
Sexual Abuse	16,000,000 per occurrence	
	17,000,000 annual NJSIG aggregate	
Personal Injury and Advertising Injury	16,000,000 per occurrence/NJSIG annual aggregate	
Employee Benefits Liability	16,000,000 per occurrence/annual aggregate	\$ 1,000 per claim
Terrorism	1,000,000 per occurrence/NJSIG annual aggregate	
Workers' Compensation and Employers' Liability (1)		
Bodily Injury by Accident	\$ 2,000,000 each accident	
Bodily Injury by Disease	2,000,000 each employee	
	2,000,000 aggregate limit	
School Leaders Errors & Omissions (1)		
Coverage A		
Limit of Liability:	\$ 16,000,000 each policy period	\$ 5,000 each claim
Coverage B		
Limit of Liability:	\$ 100,000 each claim	\$ 5,000 each claim
	300,000 each policy period	
Public Official Bonds (2)		
Assistant Superintendent for Business/Board Secretary	\$ 325,000	
Student Accident Policy (3)		
	\$ 1,000,000	
Volunteer Accident Policy (4)		
	\$ 250,000	
Migrant Accident Policy (5)		
Accidental Death Benefit	\$ 5,000	
Accidental Dismemberment Benefit	\$ 10,000	
Accident Medical Expense Benefit	\$ 250,000	\$ 50 per accident
Aggregate Limit	\$ 250,000	

(1) - New Jersey School Insurance Group

(2) - Western Surety

(3) - Monumental Life Insurance Company

(4) - Berkley Life and Health Insurance Company

(5) - National Union Fire Insurance Company of Pittsburgh, PA

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Gloucester County Special Services School District's, a component unit of the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2016. The School District'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*.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, 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 Gloucester County Special Services School District's, in the County of Gloucester, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Gloucester County Special Services School District, a component unit of the County of Gloucester, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Gloucester County Special Services School District, a component unit of the County of Gloucester, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Circular 15-08-OMB, 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 School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael J. Welding
Certified Public Accountant
Public School Accountant No. CS 00886

Woodbury, New Jersey
December 1, 2016

Gloucester County Special Services School District
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2016

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Carryover / (Walkover) Amount
					From	To		
General Fund:								
U.S. Department of Health and Human Services:								
Passed-through State Department of Education:								
Medical Assistance Program	93.778	1605NJ5MAP	N/A	\$ 41,858.78	07/01/15	06/30/16		
Medical Assistance Program	93.778	1605NJ5MAP	N/A	31,067.86	07/01/14	06/30/15		
Medical Assistance Program	93.778	1605NJ5MAP	N/A	35,887.37	07/01/13	06/30/14		
Total U.S. Department of Health and Human Services							-	-
U.S. Department of Homeland Security:								
Passed-through State of New Jersey:								
Federal Emergency Management Agency Disaster Grants	97.036	unavailable	1200-100-066-1200 -B65-YEMR-6120	23,180.78	01/01/16	12/31/16		
Total General Fund:							-	-
Special Revenue Fund:								
U.S. Department of Education:								
Passed-through State Department of Education:								
Migrant Education - State Program - Title I, Part C								
Migrant Education Project	84.011	S011A150030	100-034-5060-019	1,374,609.00	01/01/16	12/31/16		
Migrant Education Project	84.011	S011A150030	100-034-5060-019	1,374,609.00	01/01/15	12/31/15	\$ (467,038.04)	
Migrant Education Project	84.011	S011A150030	100-034-5060-019	1,374,609.00	01/01/14	12/31/14	(240,690.00)	
Total Migrant Education - State Program - Title I, Part C							(707,728.04)	-
Education for Homeless Children and Youth:								
McKinney-Vento Ed for Homeless Children	84.196A	S196A150031	100-034-5060-021	570,121.00	09/01/15	08/31/16		
McKinney-Vento Ed for Homeless Children	84.196A	S196A150031	100-034-5060-021	59,282.56	09/01/14	08/31/15	(59,072.44)	
Total Education for Homeless Children and Youth							(59,072.44)	-
Total Special Revenue Fund							(766,800.48)	-
Enterprise Fund:								
U.S. Department of Agriculture								
Passed-through State Department of Education:								
Child Nutrition Cluster:								
Non-Cash Assistance:								
Food Distribution Program	10.555	16161NJ304N1099	N/A	41,821.94	07/01/15	06/30/16		
Food Distribution Program	10.555	16161NJ304N1099	N/A	37,256.41	07/01/14	06/30/15	681.02	
Cash-Assistance:								
Breakfast Program	10.553	16161NJ304N1099	100-030-3350-021	95,617.52	07/01/15	06/30/16		
Breakfast Program	10.553	16161NJ304N1099	100-030-3350-021	96,591.12	07/01/14	06/30/15	(7,519.21)	
National School Lunch Program	10.555	16161NJ304N1099	100-010-3350-023	159,652.91	07/01/15	06/30/16		
National School Lunch Program	10.555	16161NJ304N1099	100-010-3350-023	160,064.00	07/01/14	06/30/15	(12,450.72)	
Summer Food Service Program	10.559	16161NJ304N1099	N/A	33,210.00	07/01/14	06/30/15		
Total Child Nutrition Cluster							(19,288.91)	
Total Enterprise Fund							(19,288.91)	-
Total Federal Financial Assistance							\$ (786,089.39)	\$ -

The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

(A) - Difference due to rounding adjustment.

Cash Received	Budgetary Expenditures			Passed- Through to Subrecipients	Adjustments (A)	Repayment of Prior Years' Balances	Balance at June 30, 2016		
	Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ 41,858.78	\$ 41,858.78		\$ 41,858.78						
5,575.10	5,575.10		5,575.10						
	35,887.37		35,887.37				-35887.37		
47,433.88	83,321.25	-	83,321.25	-	-	-	(35,887.37)	-	
23,180.78	\$ 23,180.78		23,180.78						
70,614.66	106,502.03	-	106,502.03	-	-	-	(35,887.37)	-	-
	498,160.51		498,160.51				-498160.51		
1,374,127.98	907,089.94		907,089.94						
240,690.00									
1,614,817.98	1,405,250.45	-	1,405,250.45	-	-	-	(498,160.51)	-	-
155,132.00	569,496.27		569,496.27				-414364.27		
118,322.03	59,249.59		59,249.59						
273,454.03	628,745.86	-	628,745.86	-	-	-	(414,364.27)	-	-
1,888,272.01	2,033,996.31	-	2,033,996.31	-	-	-	(912,524.78)	-	-
41,821.94	40,997.26		40,997.26					\$ 824.68	
	681.02		681.02						
89,503.49	95,617.52		95,617.52				(6,114.03)		
7,519.21									
149,624.75	159,652.91		159,652.91				(10,028.16)		
12,450.72									
33,210.24	33,210.00		33,210.00		\$ (0.24)				
334,130.35	330,158.71	-	330,158.71	-	(0.24)	-	(16,142.19)	824.68	
334,130.35	330,158.71	-	330,158.71	-	(0.24)	-	(16,142.19)	824.68	-
\$ 2,293,017.02	\$ 2,470,657.05	\$ -	\$ 2,470,657.05	\$ -	\$ (0.24)	\$ -	\$ (964,554.34)	\$ 824.68	\$ -

Gloucester County Special Services School District
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2016

State Grantor / Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015		
			From	To	Unearned Revenue / (Accounts Receivable)	Due to Grantor	Carryover / (Walkover) Amount
General Fund:							
New Jersey Department of Education:							
Current Expense:							
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	\$ 939,523.69	7/1/15	6/30/16			
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	990,556.14	7/1/14	6/30/15	\$ (93,440.31)		
Total Reimbursed TPAF Social Security Contributions					(93,440.31)	-	-
Total General Fund					(93,440.31)	-	-
Special Revenue Fund:							
State Department of Human Services:							
School Based Youth Services	16-100-054-7500-068	300,155.00	7/1/15	6/30/16			
Total School Based Youth Services						-	-
Total State Department of Human Services					-	-	-
Total Special Revenue Fund					-	-	-
Enterprise Fund:							
New Jersey Department of Agriculture:							
State School Lunch Program	16-100-010-3350-023	4,644.43	7/1/15	6/30/16			
State School Lunch Program	15-100-010-3350-023	4,850.05	7/1/14	6/30/15	(375.86)		
Total New Jersey Department of Agriculture					(375.86)	-	-
Total Enterprise Fund					(375.86)	-	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit					(93,816.17)	-	-
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
On-behalf T.P.A.F. Pension Contributions:							
Normal Cost	16-495-034-5094-002	1,032,941.00	07/01/15	06/30/16			
Non-Contributory Insurance	16-495-034-5094-004	51,455.00	07/01/15	06/30/16			
Post-Retirement Medical	16-495-034-5094-001	1,291,217.00	07/01/15	06/30/16			
Total General Fund (Non-Cash Assistance)					-	-	-
Total State Financial Assistance					\$ (93,816.17)	\$ -	\$ -

The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Total Budgetary Expenditures	Passed- Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2016			(Memo Only)	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2016	Cumulative Total Expenditures
\$ 894,623.05 93,440.31	\$ 939,523.69				\$ (44,900.64)				\$ 939,523.69 990,556.14
988,063.36	939,523.69	-	-	-	(44,900.64)	-	-	-	1,930,079.83
988,063.36	939,523.69	-	-	-	(44,900.64)	-	-	-	1,930,079.83
300,155.00	300,155.00								300,155.00
300,155.00	300,155.00	-	-	-	-	-	-	-	300,155.00
300,155.00	300,155.00	-	-	-	-	-	-	-	300,155.00
300,155.00	300,155.00	-	-	-	-	-	-	-	300,155.00
4,360.75 375.86	4,644.43				(283.68)				4,644.43 4,850.05
4,736.61	4,644.43	-	-	-	(283.68)	-	-	-	9,494.48
4,736.61	4,644.43	-	-	-	(283.68)	-	-	-	9,494.48
1,292,954.97	1,244,323.12	-	-	-	(45,184.32)	-	-	-	2,239,729.31
1,032,941.00 51,455.00 1,291,217.00	1,032,941.00 51,455.00 1,291,217.00								1,032,941.00 51,455.00 1,291,217.00
2,375,613.00	2,375,613.00	-	-	-	-	-	-	-	2,375,613.00
\$ 3,668,567.97	\$ 3,619,936.12	\$ -	\$ -	\$ -	\$ (45,184.32)	\$ -	\$ -	\$ -	\$ 4,615,342.31

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Gloucester County Special Services School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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, are included on the schedules of expenditures of federal awards and state financial assistance. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the enterprise fund(s) are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the State deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

A net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is not required for the general fund and special revenue fund as of June 30, 2016. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 106,502.03	\$ 3,315,136.69	\$ 3,421,638.72
Special Revenue	2,033,996.31	300,155.00	2,334,151.31
Enterprise Funds	<u>330,158.71</u>	<u>4,644.43</u>	<u>334,803.14</u>
Total Awards and Financial Assistance	<u>\$ 2,470,657.05</u>	<u>\$ 3,619,936.12</u>	<u>\$ 6,090,593.17</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent the cancellation of accounts receivable.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2016, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. 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 fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, and post-retirement medical costs related to TPAF members.

Note 7: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued UNMODIFIED
Internal control over financial reporting:
Material weakness(es) identified? ___ yes X no
Significant deficiency(ies) identified? ___ yes X none reported
Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? ___ yes X no
Significant deficiency(ies) identified? ___ yes X none reported
Type of auditor's report issued on compliance for major programs UNMODIFIED
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? ___ yes X no

Identification of major programs:

Table with 3 columns: CFDA Number(s), FAIN Number(s), Name of Federal Program or Cluster. Row 1: 84.011, S011A150030, Migrant Education Project.

Dollar threshold used to determine Type A programs \$750,000.00
Auditee qualified as low-risk auditee? X yes ___ no

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2016

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

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 UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? yes no

Identification of major programs:

GMIS Number(s)

Name of State Program

16-495-034-5094-003

Reimbursed TPAF Social Security Contributions

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? yes no

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

None

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

None

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARDS

None

STATE FINANCIAL ASSISTANCE PROGRAMS

None