

Comprehensive Annual Financial Report

of the

**Atlantic County Special Services School District
Board of Education**
(a component unit of the County of Atlantic)
Mays Landing, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

Atlantic County Special Services School District
Board of Education
Finance Department

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Introductory Section

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT

“PLANTING THE SEEDS FOR SUCCESS”

Philip J. Guenther, Ed.D., Superintendent
Kerri McGinley, Ed.D., Assistant Superintendent
(609) 625-5796 Fax (609) 625- 8124

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

October 13, 2017

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

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

The comprehensive annual financial report of the Atlantic County Special Services School District (District) for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements, required supplemental information, and other supplementary information, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, U.S. OMB Uniform Guidance, and State Treasury Circular Letter 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: The District is a component unit of the County of Atlantic within the criteria set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Board of Education of the Special Services School District and the Vocational School District of the County of Atlantic, a component unit of the County of Atlantic, constitutes the District's reporting entity.

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

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

2) ECONOMIC CONDITION AND OUTLOOK: After two years of stabilized enrollment, the district's 2017-2018 enrollment has declined. The decline is attributable to sending district strategies to keep students in district due to overall population declines in Atlantic County. The economic environment in New Jersey continues to have a major impact on the state's educational system, given budget cuts made in previous school years and additional budget restrictions currently in place. State aid has been adjusted in the 2017-2018 school year with some districts aid being reduced and other districts receiving additional aid. Although our district does not directly receive state aid or stimulus funds, the cuts to sending districts have had an impact on our budget planning, particularly in light of decreased student enrollment. We will continue to closely monitor actual student enrollment numbers, modify spending as needed, and gather data in order to effectively and realistically project tuition revenues for the 2017-2018 budget.

The casino industry in Atlantic City seems to have stabilized. Showboat, Trump Plaza, Revel and Trump Taj Mahal Casinos have all closed in recent years putting over 8,000 residents out of work. The Gateway Project in Atlantic City is under construction with the first phase expected to be completed in the spring of 2018 bringing economic growth to the area. The Gateway Project includes a Stockton University satellite campus, dorms and a parking garage. South Jersey Energy is also relocating its corporate offices to the Gateway Project. The Stockton Aviation Research Park broke ground in May 2017. The 17.2 million dollar project is being constructed on a 58 acre park adjacent to the FAA Williams Hughes Technical Center. This project is a major step in diversifying the region's economy and places Atlantic County in a position to leverage the economic possibilities of the aviation industry. Housing foreclosure rates continue to exceed national averages.

3) MAJOR INITIATIVES: We have worked to ensure quality and efficiency in all programs and we are communicating with our sending districts regularly. We have continued our partnership with a vendor to provide additional support for students that require personal

aides. We have also added supports to enhance our instructional delivery. This year's major focus is on improving our assessment process and to use that data to make rigorous, appropriate goals for all students. This will also provide more detailed information for each student, enhancing our progress monitoring and our instructional delivery in all programs. All high school students will cycle through a broad variety of vocational experiences prior to moving into an off campus placement. This will give students an opportunity to experience multiple jobs and obtain additional transferrable skills. We now have a full-time Behavior Specialist working with students and staff to provide positive incentives, improve transitions and further develop social skills that prepare students for new opportunities in and out of the classroom.

Previously our program for students in the autism spectrum ranged from pre-school through grade eight, we have extended the autistic program to include students in high school and up to age 21. We have a consultant working with us two days a week to provide in-class support for our teachers and aides to model best practices improve communication with students. This expansion allows for continuity and articulation with our middle school and high school staff to continue to support students and help them reach long-term goals. We have also realigned resources such our child Study Team staff and therapists to better serve our students.

This will be our third year of having school-wide student lunch in the cafeteria. This successful initiative provides an opportunity for students to experience interaction in a setting larger than the classroom and allows students to practice social skills and routines. It has also allowed opportunities for older students to assist with our food service, providing a pre-vocational experience for our high school students.

We continue to provide feedback and support to our staff in through the evaluation process. Comprehensive professional learning activities, including Non-Violent Crisis Intervention (NVCi) training and bullying prevention program, serve to provide consistent frameworks within which to address significant issues and facilitate the development of pro-social skills. Procedures and investigations are implemented as required to comply with state Harassment, Intimidation and Bullying (HIB) mandates.

Our School to Work Career Exploration program which offers students with disabilities in Atlantic County the opportunity to receive real-life, meaningful work experiences in our communities. Our students transition from school to work by performing on-site daily job in our school and by doing planned vocational activities in various settings in our area. Eventually many students move into full-time vocational placements with the support of our teachers and aides at one of our partner locations, they include the Bally's/Caesar's casinos, Shore Medical Center, Meadowview Nursing Home, Atlantic/Cape Community College and the Trinity Center in Egg Harbor Township.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in

conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the District management.

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

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

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

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

Jersey Statutes require governmental units to deposit public funds in institutions as described in Note 1(F), Notes to the Financial Statements.

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

10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of the Ford, Scott & Associates, L,L,C. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, OMB Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

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

Respectfully submitted,

Philip J. Guenther, Ed.D.
Superintendent

Lisa Mooney, CPA
Business Administrator/
Board Secretary

ORGANIZATIONAL CHART 2017/2018
 Effective July 1, 2017

**BOARD OF EDUCATION OF THE SPECIAL SERVICES SCHOOL DISTRICT &
 THE VOCATIONAL SCHOOL DISTRICT OF THE COUNTY OF ATLANTIC**

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

Dr. Philip Guenther, Shared Superintendent

Dr. Kerri McGinley, Assistant Superintendent

Lisa Mooney
 Shared School Business
 Administrator/Board
 Secretary

- Business Office Management
- Budget & Accounting
- Student Data
- Food Services
- Transportation
- Facilities
- Security

Jennifer Cruickshank
 Supervisor CST

- Itinerant/Shared Services
- Behavior Supports
- Related Services
- Medical/Nursing
- Affirmative Action
- HIB/District Bullying Coordinator

Brian Kern
 Principal -Elementary/Middle

- Professional Development
- Technology
- Assessment Coordinator
- Curriculum Coordinator
- Behavior Program Lead

Tad Derenberger
 Principal -High School

- Professional Development
- School to Career Program
- Mentoring Program
- Harborfields Detention Center
- Vocational Program Lead

Gail Pietropola
 Administrative
 Assistant
 Personnel

- District Advisory Committee
- Technology Coordinator
- School Resource Officer

- Scheduling/Roster
- DEAC
- Crisis Supports
- Teacher/Aide Interviews
- Staff Evaluations

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF ATLANTIC)

MAYS LANDING, NEW JERSEY

ROSTER OF OFFICIALS
June 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Philip S. Munafo, President	2020
Augustus Harmon, Vice President	2019
Marilyn Gallagher	2019
Dr. Norman Hirschfeld	2018
Mark W. Ludwick	2020
Joseph F. Zondlo	2018
Dr. Richard Stepura, Executive County Superintendent	Ex-officio
Kathleen Quish	Ex-officio
<u>Other Officials</u>	
Philip J. Guenther, Ed. D., Superintendent	
Lisa Mooney, CPA, Board Secretary/Business Administrator	

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF ATLANTIC)
Consultants and Advisors**

Architect of Record

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Audit Firm

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Official Depository

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David Horn, M.D.
Jennifer Winnell, M.D.
Childrens Surgical Association of New Jersey
Richard D. Wood Center 2nd Floor
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Brigantine Towne Center
4248 Harbor Beach Blvd.
Brigantine, NJ 08203

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Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Honorable President and
Members of the Board of Education
Atlantic County Special Services School District
(a component unit of the County of Atlantic)
County of Atlantic
Mays Landing, 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 Atlantic County Special Services School District (a component unit of the County of Atlantic), in the County of Atlantic, New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 audit requirements as prescribed by the Office of School 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Atlantic County Special Services School District (a component unit of the County of Atlantic), as of June 30, 2017, 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 Required Supplementary Information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s basic financial statements. The introductory section, combining and individual non-major fund financial statements, schedule of expenditures of federal awards, 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), the schedule of state financial assistance as required by NJ OMB 15-08, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, 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), the schedule of state financial assistance as required by NJ OMB 15-08, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, 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), the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2017 on our consideration of the Atlantic County Special Services School District (a component unit of the County of Atlantic)'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 Atlantic County Special Services School District (a component unit of the County of Atlantic)'s internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

October 13, 2017

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Required Supplemental Information
Part I

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Atlantic County Special Services School District's (a component unit of the County of Atlantic) ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net assets of the District increased approximately \$370,000 due to bond proceeds received from the County of Atlantic for the replacement of a boiler.
- The State of New Jersey reimbursed the District \$518,584 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. The State also contributed \$837,839 for TPAF Pension Contributions on-behalf of the district. These amounts, which are not budgeted, are included as both a revenue and appropriation in the financial statements.
- During the fiscal year ended June 30, 2017, the District's governmental activities revenues were approximately \$294,000 more than total expenditures. During the prior fiscal year, revenues exceeded expenditures by approximately \$698,000.
- In the District's business-type activities, net assets increased \$76,000 as a result of an excess of revenues over expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates like businesses, such as the food service area.
- *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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

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

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

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

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

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

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

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

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

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

transportation enterprise fund, and Teachers Aide enterprise fund are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's governmental activities net assets increased between fiscal years 2017 and 2016 as a result of an excess of revenues over expenditures. The business-type activities net assets increased due to the excess of revenues over expenses.

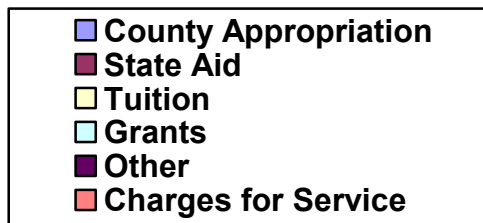
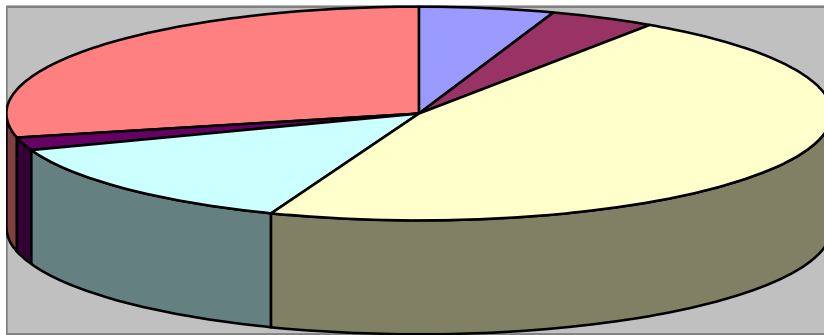
	Governmental Activities		Business-type Activities	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 7,617,519	5,083,174	2,884,089	4,100,510
Capital assets	<u>20,064,288</u>	<u>20,804,347</u>	<u>1,549,132</u>	<u>1,782,430</u>
Total assets	<u>27,681,807</u>	<u>25,887,521</u>	<u>4,433,221</u>	<u>5,882,940</u>
Deferred Outflows of Resources	<u>8,979,521</u>	<u>3,803,961</u>		
Total deferred outflows of resources	<u>8,979,521</u>	<u>3,803,961</u>	<u>-</u>	<u>-</u>
Long-term liabilities	33,271,037	26,585,710	193,951	195,612
Other liabilities	<u>218,488</u>	<u>373,209</u>	<u>16,726</u>	<u>1,541,099</u>
Total liabilities	<u>33,489,525</u>	<u>26,958,919</u>	<u>210,677</u>	<u>1,736,711</u>
Deferred Inflows of Resources	<u>1,950,714</u>	<u>1,805,326</u>		
Total deferred inflows of resources	<u>1,950,714</u>	<u>1,805,326</u>	<u>-</u>	<u>-</u>
Net assets				
Invested in capital assets	20,064,288	20,804,347	1,549,132	1,782,430
Restricted	1,661,682	1,024,333		
Unrestricted	<u>(20,504,881)</u>	<u>(20,901,443)</u>	<u>2,673,412</u>	<u>2,363,799</u>
Total net assets	<u>\$ 1,221,089</u>	<u>927,237</u>	<u>4,222,544</u>	<u>4,146,229</u>

Changes in net assets. The total revenue of the District increased approximately \$2,795,000 due to an increase in state assistance for pensions.

Approximately 46% of the District's revenue comes from tuition contracts with various districts within Atlantic County and the surrounding Counties. The County of Atlantic levies property taxes on properties located in the county. This tax is collected by the various municipalities and remitted to the County on a quarterly basis. A portion of this tax levy is appropriated in the County's annual budget and remitted to the District. The District expenses are primarily related to instruction, administration, and plant operations.

	2017		2016	
	Amount	Percentage	Amount	Percentage
County Appropriation	\$ 2,050,096	5.38%	\$ 2,050,096	5.80%
Unrestricted State aid	1,582,346	4.15%	215,447	0.61%
Tuition	17,688,459	46.40%	18,249,748	51.66%
Charges for Services	10,892,200	28.57%	10,784,389	30.53%
Operating Grants and Contributions	5,099,854	13.38%	3,854,404	10.91%
Other	806,779	2.12%	170,865	0.48%
Totals	\$ 38,119,734	100.00%	35,324,949	100.00%

2017 Revenue



Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2017 and 2016 fiscal years.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenue						
Charges for services	17,688,459	18,249,748	10,892,200	10,784,313	28,580,659	29,034,061
Operating Grants	4,888,197	3,637,239	211,657	217,241	5,099,854	3,854,480
General revenues						
County Appropriation	2,050,096	2,050,096	-	-	2,050,096	2,050,096
State aid entitlements	1,582,346	215,447	-	-	1,582,346	215,447
Other	801,308	170,365	5,471	-	806,779	170,365
Total revenues	<u>27,010,406</u>	<u>24,322,895</u>	<u>11,109,328</u>	<u>11,001,554</u>	<u>38,119,734</u>	<u>35,324,449</u>
Expenses						
Instruction:						
Other special instruction	13,150,586	6,674,720	-	-	13,150,586	6,674,720
Other instruction	1,269,274	840,012	-	-	1,269,274	840,012
Support services:						
Student & instruction related services	5,315,899	2,575,716	-	-	5,315,899	2,575,716
District administration services	933,999	590,498	-	-	933,999	590,498
General & business admin services	2,437,219	1,237,757	-	-	2,437,219	1,237,757
Plant operations & maintenance	3,308,944	1,514,807	-	-	3,308,944	1,514,807
Pupil transportation	25,999	19,583	-	-	25,999	19,583
Unallocated Benefits	-	9,080,398	-	-	-	9,080,398
Unallocated Depreciation	-	841,464	-	-	-	841,464
Capital Outlay	74,634	-	-	-	74,634	-
Business-type activities			11,233,013	11,367,200	11,233,013	11,367,200
Total expenses	<u>26,516,554</u>	<u>23,374,955</u>	<u>11,233,013</u>	<u>11,367,200</u>	<u>37,749,567</u>	<u>34,742,155</u>
(Deficiency) before Transfers	493,852	947,940	(123,685)	(365,646)	370,167	582,294
Transfers	(200,000)	(250,000)	200,000	250,000	-	-
Increase/(Decrease) in net assets	<u>293,852</u>	<u>697,940</u>	<u>76,315</u>	<u>(115,646)</u>	<u>370,167</u>	<u>582,294</u>

Business-type Activities

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$7,384,715 which is \$2,674,750 higher than the beginning of the year. The change is due to controls placed over expenditures of the District as well as bond proceeds from Atlantic County for a boiler project.

General Fund Budgetary Highlights

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

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue exceeded the budget revenues by \$435,148. This is a result of a higher student population than anticipated and unanticipated SEMI funds. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by \$1,785,422. The most significant variances occurred in the area of salaries. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District had invested \$21.6 million (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, vehicles and machinery. This amount represents a net decrease (including additions and deductions) of \$973,357 or 4%, over last year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 636,272	636,272	73,500	73,500	709,772	709,772
Construction in Progress		-		-	-	-
Buildings and Improvement:	18,812,807	19,521,497	370,913	383,574	19,183,720	19,905,071
Machinery and Equipment	615,209	646,578	1,104,719	1,325,356	1,719,928	1,971,934
Total	<u>\$ 20,064,288</u>	<u>20,804,347</u>	<u>1,549,132</u>	<u>1,782,430</u>	<u>21,613,420</u>	<u>22,586,777</u>

Long-term Debt

New Jersey State Statutes governing Type I School Districts require the bonded debt be assumed by the County and provision for amortization of principal and interest on the outstanding debt is included in the County budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District budget for the 2018 fiscal year includes very little expansion for equipment acquisitions.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

DISTRICT - WIDE FINANCIAL STATEMENTS

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Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Net Position
6/30/2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 6,743,525	991,536	7,735,061
Receivables, net	786,570	1,958,605	2,745,175
Inventory		16,372	16,372
Due from Fiduciary Funds	5,000		5,000
Internal Balances	82,424	(82,424)	-
Capital assets not being depreciated:			
Land	636,272	73,500	709,772
Capital assets, net of accumulated depreciation	19,428,016	1,475,632	20,903,648
Total Assets	<u>27,681,807</u>	<u>4,433,221</u>	<u>32,115,028</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	8,979,521		8,979,521
Total Deferred Outflows of Resources	<u>8,979,521</u>	<u>-</u>	<u>8,979,521</u>
LIABILITIES			
Other payables	47,882	16,726	64,608
Due to Grantor	2,660		2,660
Intergovernmental payable	167,946		167,946
Noncurrent liabilities:			
Due within one year		-	-
Due beyond one year	344,552	193,951	538,503
Net Pension Liability	32,926,485		32,926,485
Total liabilities	<u>33,489,525</u>	<u>210,677</u>	<u>33,700,202</u>
DEFERRED INFLOW OF RESOURCES			
Unearned Revenue	14,316		14,316
Deferred Inflows Related to Pensions	1,936,398		1,936,398
Total Deferred Inflows of Resources	<u>1,950,714</u>	<u>-</u>	<u>1,950,714</u>
NET POSITION			
Invested in capital assets, net of related debt	20,064,288	1,549,132	21,613,420
Restricted for:			
Other purposes	1,661,682		1,661,682
Unrestricted	(20,504,881)	2,673,412	(17,831,469)
Total net position	<u>\$ 1,221,089</u>	<u>4,222,544</u>	<u>5,443,633</u>

See Accompanying Notes to the Financial Statements

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:								
Instruction:								
Other special instruction	9,709,308	3,441,278	17,688,459	2,453,965	6,991,838	6,991,838	6,991,838	
Other instruction	937,127	332,147		232,460	(1,036,814)	(1,036,814)	(1,036,814)	
Support services:								
Student & instruction related services	3,924,821	1,391,078		973,577	(4,342,322)	(4,342,322)	(4,342,322)	
School administrative services	689,588	244,411		171,057	(762,942)	(762,942)	(762,942)	
General and business administrative services	1,799,441	637,778		446,363	(1,990,856)	(1,990,856)	(1,990,856)	
Plant operations and maintenance	2,443,051	865,893		606,014	(2,702,930)	(2,702,930)	(2,702,930)	
Pupil transportation	19,196	6,803		4,761	(21,238)	(21,238)	(21,238)	
Unallocated benefits	6,919,388	(6,919,388)			-	-	-	
Unallocated depreciation					-	-	-	
Capital Outlay	74,634				(74,634)	(74,634)	(74,634)	
Total governmental activities	26,516,554	-	17,688,459	4,888,197	(3,939,898)	-	(3,939,898)	
Business-type activities:								
Food Service	598,363		254,708	211,657		(131,998)	(131,998)	
Transportation	6,548,940		6,143,004			(405,936)	(405,936)	
Instruction	4,085,710		4,494,488			408,778	408,778	
Total business-type activities	11,233,013		10,892,200	211,657		(129,156)	(129,156)	
Total primary government	\$ 37,749,567		28,580,659	5,099,854	(3,939,898)	(129,156)	(4,069,054)	
General revenues:								
Taxes:								
County Appropriation					2,050,096		2,050,096	
Federal and State aid not restricted					1,582,346		1,582,346	
Other restricted miscellaneous revenue					120		120	
County Bond Proceeds					628,900		628,900	
Miscellaneous Income					155,647		155,647	
Transfers					(200,000)	200,000	-	
Loss on Disposal of Fixed Assets						(4,170)	(4,170)	
Cancellation of Prior Year Payables					16,641	9,641	26,282	
Total general revenues, special items, extraordinary items and transfers					4,233,750	205,471	4,439,221	
Change in Net Position					293,852	76,315	370,167	
Net Position—beginning					927,237	4,146,229	5,073,466	
Net Position—ending					1,221,089	4,222,544	5,443,633	

FUND FINANCIAL STATEMENTS

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Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,741,330	2,195		6,743,525
Due from other funds	169,074			169,074
Receivables from other governments	153,708	3,962	628,900	786,570
Total assets	7,064,112	6,157	628,900	7,699,169
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	46,380	512	990	47,882
Intergovernmental payable	167,946			167,946
Unearned Revenue	11,331	2,985		14,316
Due to Grantor		2,660		2,660
Due to other funds			81,650	81,650
Total liabilities	225,657	6,157	82,640	314,454
Fund Balances:				
Committed to:				
Capital Reserve	1,040,751			1,040,751
Maintenance Reserve	660,702			660,702
Designated for subsequent years expenditures	2,293,989			2,293,989
Assigned to:				
Encumbrances	75,671		545,260	620,931
Unassigned:				
General fund	2,767,342			2,767,342
Capital Projects fund			1,000	1,000
Total Fund balances	6,838,455	-	546,260	7,384,715
Total liabilities and fund balances	\$ 7,064,112	6,157	628,900	

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. 20,064,288

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds. (25,883,362)

Some liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds. (344,552)

Net position of governmental activities \$ 1,221,089

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
County Appropriation	\$ 2,050,096			2,050,096
Tuition - from LEAs	16,942,562			16,942,562
Other tuition	586,960			586,960
Non resident fees	158,937			158,937
Other restricted miscellaneous revenue	120			120
Miscellaneous	155,647	45,509		201,156
State sources	2,058,082		-	2,058,082
Federal sources	362,503	-		362,503
Total revenues	<u>22,314,907</u>	<u>45,509</u>	<u>-</u>	<u>22,360,416</u>
EXPENDITURES				
Current:				
Other special instruction	6,481,943	16,688		6,498,631
Other instruction	627,238			627,238
Support services and undistributed costs:				
Student & instruction related services	2,626,960	-		2,626,960
School administrative services	461,555			461,555
Other administrative services	384,566			384,566
Central Services	671,168			671,168
Admin Information Technology	148,668			148,668
Plant operations and maintenance	1,635,183			1,635,183
Pupil transportation	12,848			12,848
Unallocated Benefits	6,919,388			6,919,388
Capital outlay	33,541	28,821	82,640	145,002
Total expenditures	<u>20,003,058</u>	<u>45,509</u>	<u>82,640</u>	<u>20,131,207</u>
Excess (Deficiency) of revenues over expenditures	<u>2,311,849</u>	<u>-</u>	<u>(82,640)</u>	<u>2,229,209</u>
OTHER FINANCING SOURCES (USES)				
Cancellation of Prior Year Payables	16,641			16,641
County Bond Proceeds			628,900	628,900
Increase in Capital Reserve	392,100			392,100
Transfer to Capital Reserve	(392,100)			(392,100)
Transfers out	(200,000)		-	(200,000)
Total other financing sources and uses	<u>(183,359)</u>		<u>628,900</u>	<u>445,541</u>
Net change in fund balances	2,128,490	-	546,260	2,674,750
Fund balance—July 1	4,709,965	-	-	4,709,965
Fund balance—June 30	<u>\$ 6,838,455</u>	<u>-</u>	<u>546,260</u>	<u>7,384,715</u>

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017**

Total net change in fund balances - governmental funds (from B-2) \$ 2,674,750

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

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

	Depreciation expense	(810,427)	
	Capital outlays	<u>70,368</u>	(740,059)

In the statement of activities, certain operating expenses, e.g. pension expense are measured under full accrual accounting. In the governmental funds, however, expenditures are reported on the amounts actually billed by the State.

District pension contributions - PERS	987,652		
Cost of benefits earned net of employee contributions	<u>(2,750,047)</u>		(1,762,395)

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

121,556

Change in net assets of governmental activities		<u>\$ 293,852</u>	
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Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Net Position
Proprietary Funds
June 30, 2017

Business-type Activities -
Enterprise Funds

	Food Service	Transportation	Itinerant/ Shared Services	County Programs	Non-Major Funds	Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 87,392	646,668	199,542		57,934	991,536
Accounts receivable						
Federal	11,070					11,070
State	141					141
Other	14,003	956,718	695,310	274,668	6,695	1,947,394
Inventory	16,372					16,372
Total current assets	<u>128,978</u>	<u>1,603,386</u>	<u>894,852</u>	<u>274,668</u>	<u>64,629</u>	<u>2,966,513</u>
Noncurrent assets:						
Land and Improvements		73,500				73,500
Buildings and Improvements		575,080				575,080
Furniture, machinery & equipment	278,615	3,356,305				3,634,920
Less accumulated depreciation	(242,711)	(2,491,657)				(2,734,368)
Total noncurrent assets	<u>35,904</u>	<u>1,513,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,549,132</u>
Total assets	<u>164,882</u>	<u>3,116,614</u>	<u>894,852</u>	<u>274,668</u>	<u>64,629</u>	<u>4,515,645</u>
LIABILITIES						
Current liabilities:						
Accounts Payable	23	14,853	1,056	43	-	15,975
Interfund payable		-		82,424	-	82,424
Other Current Liabilities	751					751
Total current liabilities	<u>774</u>	<u>14,853</u>	<u>1,056</u>	<u>82,467</u>	<u>-</u>	<u>99,150</u>
Noncurrent Liabilities						
Compensated Absences	10,875	183,076				193,951
Total noncurrent liabilities	<u>10,875</u>	<u>183,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,951</u>
Total liabilities	<u>11,649</u>	<u>197,929</u>	<u>1,056</u>	<u>82,467</u>	<u>-</u>	<u>293,101</u>
NET POSITION						
Invested in capital assets net of related debt	35,904	1,513,228				1,549,132
Unrestricted	117,329	1,405,457	893,796	192,201	64,629	2,673,412
Total net position	<u>\$ 153,233</u>	<u>2,918,685</u>	<u>893,796</u>	<u>192,201</u>	<u>64,629</u>	<u>4,222,544</u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Fund					Totals
	Food Service	Transportation	Itinerant/ Shared Services	County Programs	Non-Major Funds	
Operating revenues:						
Charges for services:						
Daily sales - reimbursable programs	\$ 254,708					254,708
Transportation Fees		6,143,004				6,143,004
Fees for Service			3,674,866		27,075	3,701,941
County Aid Payments				792,547	-	792,547
Total operating revenues	<u>254,708</u>	<u>6,143,004</u>	<u>3,674,866</u>	<u>792,547</u>	<u>27,075</u>	<u>10,892,200</u>
Operating expenses:						
Cost of sales - Reimbursable Programs	127,267					127,267
Cost of sales - Nonreimbursable Programs	104,713					104,713
Salaries and wages	223,675	1,934,428	1,474,398	523,400	14,243	4,170,144
Employee Benefits	126,918	2,527,527	1,105,512	108,473	-	3,868,430
Other Purchased Services		34,468	854,467			888,935
Transportation Operations		610,823				610,823
Contracted Services		1,205,155				1,205,155
General Administrative Expenses		2,600			-	2,600
Travel				1,487	-	1,487
Materials and supplies	7,947	10,144		3,730	-	21,821
Depreciation	7,843	223,795				231,638
Total Operating Expenses	<u>598,363</u>	<u>6,548,940</u>	<u>3,434,377</u>	<u>637,090</u>	<u>14,243</u>	<u>11,233,013</u>
Operating income/(loss)	<u>(343,655)</u>	<u>(405,936)</u>	<u>240,489</u>	<u>155,457</u>	<u>12,832</u>	<u>(340,813)</u>
Nonoperating revenues/(expenses):						
Cancellation of prior year payables			9,641			9,641
State sources:						
State school lunch program	2,353					2,353
Federal sources:						
National school breakfast program	65,451					65,451
National school lunch program	117,629					117,629
Food Distribution Program	26,224					26,224
Loss on Disposal of Fixed Assets	(4,170)					(4,170)
Total nonoperating revenues/(expenses)	<u>207,487</u>	<u>-</u>	<u>9,641</u>	<u>-</u>	<u>-</u>	<u>217,128</u>
Income/(Loss) before contributions & transfers	<u>(136,168)</u>	<u>(405,936)</u>	<u>250,130</u>	<u>155,457</u>	<u>12,832</u>	<u>(123,685)</u>
Transfers in						
Operating transfer in - general fund	200,000					200,000
Total transfers in	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Change in net position	63,832	(405,936)	250,130	155,457	12,832	76,315
Total net position—beginning	89,401	3,324,621	643,666	36,744	51,797	4,146,229
Total net position—ending	<u>\$ 153,233</u>	<u>2,918,685</u>	<u>893,796</u>	<u>192,201</u>	<u>64,629</u>	<u>4,222,544</u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

Business-type Activities -
Enterprise Funds

	Food Service	Transportation	Itinerant/ Shared Services	County Programs	Non-Major Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 249,393	7,685,514	3,376,063	698,983	23,440	12,033,393
Payments to employees	(215,546)	(1,944,218)	(1,474,398)	(649,784)	(14,243)	(4,298,189)
Payments for benefits	(126,918)	(2,527,527)	(1,105,512)	(108,430)	-	(3,868,387)
Payments for suppliers	(215,298)	(1,948,512)	(854,569)	(5,217)	-	(3,023,596)
Net cash provided by/(used for) operating activities	<u>(308,369)</u>	<u>1,265,257</u>	<u>(58,416)</u>	<u>(64,448)</u>	<u>9,197</u>	<u>843,221</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
State Sources	2,362					2,362
Federal Sources	182,373					182,373
Operating subsidies and transfers to other funds	200,000	(1,283,923)		64,448	-	(1,019,475)
Net cash provided by/(used for) non-capital financing activities	<u>384,735</u>	<u>(1,283,923)</u>	<u>-</u>	<u>64,448</u>	<u>-</u>	<u>(834,740)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of Assets	(2,510)					(2,510)
Payment of Capital Leases						-
Net cash (used for) capital and related financing activities	<u>(2,510)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,510)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends						-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	73,856	(18,666)	(58,416)	-	9,197	5,971
Balances—beginning of year	12,358	665,334	257,958	-	48,737	984,387
Balances—end of year	<u>86,214</u>	<u>646,668</u>	<u>199,542</u>	<u>-</u>	<u>57,934</u>	<u>990,358</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating profit/(loss)	(343,655)	(405,936)	240,489	155,457	12,832	(340,813)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities						
Depreciation and net amortization	7,843	223,795				231,638
Federal Commodities	26,224					26,224
Cancellation of Prior Year Payables	-	-	9,641			9,641
(Increase)/Decrease in accounts receivable, net	(5,315)	1,542,510	(298,803)	(93,564)	(3,635)	1,141,193
Increase/(Decrease) in accounts payable	(640)	(85,322)	(9,743)	(126,341)	-	(222,046)
Decrease in Inventory	(527)					(527)
Increase/(Decrease) in Other Liabilities	(428)	-	-			(428)
Increase/(Decrease) in Compensated Absences	8,129	(9,790)				(1,661)
Total adjustments	<u>35,286</u>	<u>1,671,193</u>	<u>(298,905)</u>	<u>(219,905)</u>	<u>(3,635)</u>	<u>1,184,034</u>
Net cash provided by/(used for) operating activities	<u>\$ (308,369)</u>	<u>1,265,257</u>	<u>(58,416)</u>	<u>(64,448)</u>	<u>9,197</u>	<u>843,221</u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Unemployment Compensation Trust	Agency Fund	Total
ASSETS			
Cash and cash equivalents	\$ 172,516	77,800	250,316
Total assets	172,516	77,800	250,316
LIABILITIES			
Due to the State of New Jersey	10,755		10,755
Due to the General Fund		5,000	5,000
Payroll Deductions Payable		12,870	12,870
Payable to student groups		59,930	59,930
Total liabilities	10,755	77,800	88,555
NET POSITION			
Held in trust for unemployment claims and other purposes	\$ 161,761		161,761

Exhibit B-8

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2017**

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
District Contributions	\$ 25,000
Employee Contributions	28,708
Total Contributions	53,708
Investment earnings:	
Interest	243
Net investment earnings	243
Total additions	53,951
DEDUCTIONS	
Unemployment claims	49,123
Miscellaneous	-
Total deductions	49,123
Change in net position	4,828
Net position—beginning of the year	156,933
Net position—end of the year	\$ 161,761

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Board of Education (Board) of the Atlantic County Special Services School District (a component unit of the County of Atlantic) (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY:

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

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

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2017**

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS:

This District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service, transportation services, itinerant services/shared services, schools to careers, Harborfields, child study team services and state programs enterprise are classified as business-type activities. Fiduciary funds are excluded from the government-wide financial statements.

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

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

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

- a. The District allocates indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2017**

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

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

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

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

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2017**

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

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District’s policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

2. Proprietary Funds:

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

- a. Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District’s enterprise fund is comprised of the following:
- Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.
 - Transportation Fund – This fund accounts for the revenues and expenses pertaining to the transportation services provided to other district within the State.
 - Itinerant/Shared Service Fund – This fund accounts for the revenues and expenses pertaining to the various itinerant services provided to other districts within the County. This fund also accounts for the shared service agreements with the Atlantic County Institute of Technology.

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2017**

- State Programs Fund – This fund accounts for the revenues and expenses pertaining to the educational programs and services provided through a contract with the State of New Jersey, Department of Human Services, Juvenile Justice Commission.
- Schools to Careers Fund – This fund accounts for the revenues and expenses pertaining to the School to Careers Program that provides activities in a non-traditional community based system that ensures appropriate employment for the graduates.
- County Programs Fund – This fund accounts for the revenues and expenses pertaining to agreements with Atlantic County government to provide educational services for the County.

3. Fiduciary Funds:

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

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

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

D. BASIS OF ACCOUNTING

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

1. Accrual:

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2017**

2. Modified Accrual:

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

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2017**

2. Investments:

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

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2017, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$ 16,372
Supplies	-
	<u>\$ 16,372</u>

4. Capital Assets:

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

Buildings	30-50 years
Machinery and equipment	3-20 years
Improvements	10-50 years

5. Revenues:

Substantially all governmental fund revenues are accrued. In the proprietary funds, operating revenues consist of revenues that are a direct result of the operations of the program.

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2017**

before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

6. Expenditures:

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

7. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period which such services are rendered or in which such events take place.

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

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

8. Interfund Activity:

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2017**

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office and are approved by the Board of School Estimates. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2a.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board. The following significant budget transfers were approved during the year:

	<u>From</u>	<u>To</u>
Behaviorial Disabled - Salaries of Teachers		293,430
Behaviorial Disabled - Other Salaries		101,318
Behaviorial Disabled - Purchased Services	75,000	
Multiply Disabled - Salaries of Teachers	503,662	
Multiply Disabled - Other Salaries	191,557	
Autism - Salaries		337,632
Autism - Purchased Services		24,000
Other Instruction Programs - Salaries	30,300	
Health Services - Purchased Services		25,000
Support Serv. - School Admin - Salaries of Principals	30,000	
Admin. Info. Tech. - Purchased Services	21,668	
Required Maint. Of School Facilities - Salaries		22,000
Required Maint. Of School Facilities - Cleaning Serv.		23,148
Custodial Services - Energy (Natural Gas)	23,000	
Health Benefits	21,000	
Equipment - Care and Upkeep of Grounds		22,300

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2017**

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

10. Encumbrances:

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

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

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

11. Tuition Receivable

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

12. Use of Estimates

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

13. Allocation of Costs

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

14. 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

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Public Employees Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and PERS. 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.

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85 "Omnibus 2017." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86 "Certain Debt Extinguishment Issues." This statement, which is effective for reporting periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

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In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for reporting periods beginning after December 15, 2019, may have an effect on the District's financial reporting.

NOTE 2. INVESTMENTS

As of June 30, 2017, the District had no investments.

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

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

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

NOTE 3. CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2017, \$30,896 of the District's bank balance of \$8,598,810 was exposed to custodial credit risk.

NOTE 4. CAPITAL RESERVE FUND

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

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Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question a one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A-23:2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 648,651
Interest Earnings	100
Per Res.	434,000
Transferred to Capital Projects Fund	<u>(42,000)</u>
Ending Balance, June 30, 2017	<u><u>\$ 1,040,751</u></u>

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Atlantic County Special Services School District on June 25, 2012, for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:7G-9) as amended by P.L. 2004, c. 73 (S1701). Districts may only increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (N.J.A.C. 6A:23A-14.2) or by deposit of any unanticipated revenue or unexpended line-item appropriation by board resolution at year end. The board resolution for deposit at year end into a maintenance reserve account must be made between June 1 and June 30 of the budget year. EFCFA requires that upon District completion of a school facilities project, the district must submit a plan for the maintenance of that facility.

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The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 375,682
Interest Earnings	20
Per Res.	320,000
Transferred to Capital Projects Fund	(35,000)
Ending balance, June 30, 2017	<u><u>\$ 660,702</u></u>

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NOTE 6. FIXED ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2017</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 636,272			636,272
Total capital assets not being depreciated	<u>636,272</u>	-	-	<u>636,272</u>
Bldg and bldg improve	29,089,666			29,089,666
Machinery & equipment	1,354,701	70,368	(2,350)	1,422,719
Total at historical cost	<u>30,444,367</u>	<u>70,368</u>	<u>(2,350)</u>	<u>30,512,385</u>
Less accum depr for:				
Bldg and improve	(9,568,169)	(708,690)		(10,276,859)
Equipment	(708,123)	(101,737)	2,350	(807,510)
Total accum deprec	<u>(10,276,292)</u>	<u>(810,427)</u>	<u>2,350</u>	<u>(11,084,369)</u>
Total capital assets being depr, net of accum depr	<u>20,168,075</u>	<u>(740,059)</u>	-	<u>19,428,016</u>
Governmental activities capital assets, net	<u><u>20,804,347</u></u>	<u><u>(740,059)</u></u>	<u><u>-</u></u>	<u><u>20,064,288</u></u>
Business-type activities:				
Capital assets that are not being depreciated:				
Land	\$ 73,500			73,500
Total capital assets not being depreciated	<u>73,500</u>	-	-	<u>73,500</u>
Building and improve	575,080			575,080
Equipment	3,889,345	2,510	(256,935)	3,634,920
Less accum depr for:				
Building and improve	(191,506)	(12,661)		(204,167)
Equipment	(2,563,989)	(182,177)	215,965	(2,530,201)
Business-type activities capital assets, net	<u><u>\$ 1,782,430</u></u>	<u><u>(192,328)</u></u>	<u><u>(40,970)</u></u>	<u><u>1,549,132</u></u>

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Depreciation expense is charged to governmental functions as follows:

Other special instruction	\$	403,057
Other instruction		38,902
Student & instruction related services		162,929
School administrative expenses		28,626
General and business administration		74,700
Plant operations and maintenance		101,416
Pupil Transportation		797
		\$ 810,427

NOTE 7. GENERAL LONG-TERM DEBT

Governmental Activities

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>	<u>Amounts Due Within One Year</u>
Net Pension Liability	\$ 26,119,602	6,806,880		32,926,482	
Compensated Absences Payable	466,108		121,556	344,552	
Total	\$ 26,585,710	6,806,880	121,556	33,271,034	-

Business Type Activities

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>	<u>Amounts Due Within One Year</u>
Compensated Absences Payable	195,612	8,129	9,790	193,951	
	\$ 195,612	8,129	9,790	193,951	-

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NOTE 8. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Defined Contribution Retirement Program which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at:

<http://www.state.nj.us/treasury/pensions/annrprts.shtml>

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost sharing multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost sharing, multiple employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

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Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost sharing multiple employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.34% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 20.07% and the PERS rate is 12.91% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2017, 2016 and 2015 were \$837,839, \$613,928 and \$424,210 respectively, and paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2017, 2016 and 2015 were \$940,703, \$1,000,350, and \$1,031,122 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2017, 2016 and 2015, the State of New Jersey contributed \$698,111, \$731,018, and \$673,434, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$518,584, \$521,921, and \$604,374, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB standards.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were no employees enrolled in the DCRP for the year ended June 30, 2017.

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Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. 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.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Teacher's Pension and Annuity Fund (TPAF) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS and TPAF hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the systems is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2013, the member contribution rates increased in October 2012. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

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- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS and TPAF from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS and TPAF to 1/60th from 1/55th, and it provided that new members of PERS and TPAF have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS and TPAF will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS and TPAF with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

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NOTE 9: PUBLIC EMPLOYEES RETIREMENT SYSTEM

At June 30, 2017, the District reported a liability of \$32,926,485 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was 0.111173782%, which was a decrease of 4.46% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$2,750,047. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience	\$ 612,233	
Changes of assumptions	6,820,609	
Differences between expected and actual earnings	1,255,517	
Changes in proportion	291,162	1,936,398
District Contributions subsequent to the measurement date	987,652	
Total	\$ 9,967,173	1,936,398

\$987,652 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended 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 ended June 30,
2017	\$ 1,593,903
2018	1,593,903
2019	1,822,158
2020	1,524,843
2021	508,316
Total	\$ 7,043,123

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Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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

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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 inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal

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bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participated employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the net pension liability	\$ 39,724,358	32,926,485	27,236,657.87

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NOTE 10. TEACHERS' PENSION AND ANNUITY FUND (TPAF)

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		60,321,128
Total	\$	60,321,128

The net pension liability was measured as of June 30, 2016 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a

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projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$4,842,688 and revenue of \$4,842,688 for support provided by the State. At June 30, 2017, the deferred outflows of resources and deferred inflows of resources attributable to the District related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 183,739	89,167
Changes of assumptions	10,407,596	
Net difference between projected and actual earnings on pension plan investments	950,921	
Changes in proportion and differences between District contributions and proportionate share of contributions		110,224
District contributions subsequent to the measurement date	<u>527,844</u>	
Total	<u>\$ 12,070,100</u>	<u>199,391</u>

\$527,844 reported as deferred inflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended 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 ended June 30,		
2017	\$	1,666,319
2018		1,666,319
2019		1,952,060
2020		1,825,608
2021		1,542,134
Thereafter		2,690,425
Total	\$	<u>11,342,865</u>

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Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

Pre-retirement, post-retirement and disable mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 20012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging market equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - Multi Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount rate. The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.22% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that

**Atlantic County Special Services School
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is 1-percentage point lower (2.22%) or 1-percentage point higher (4.22%) than the current rate:

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
District's proportionate share of the net pension liability	\$ -	-	-

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees eligible for post-retirement medical benefits, and the State contributed \$1.37 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 prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

NOTE 11. COMPENSATED ABSENCES

District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal year. Unused sick leave may be accumulated and carried forward to subsequent years. Upon retirement and who have not less than fifteen years of service in the District and at least 75 accumulated days,

**Atlantic County Special Services School
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the district shall pay the employee for unused sick leave in accordance with the Districts' agreements with various employee unions. Vacation days not used during the year may be carried forward to the subsequent year and upon the approval of the Board employees may be compensated for their unused vacation time.

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

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

NOTE 12. DEFERRED COMPENSATION

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

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

NOTE 13. POSTEMPLOYMENT BENEFITS

In accordance with State statute, employees participating in the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) who retire after reaching age 55 and accumulating 25 years of credited service in either PERS or TPAF are eligible to receive post-retirement health care benefits. The cost of these benefits is actuarially determined and advance funded through contributions by the State. The funded status and funding progress of post-retirement benefits is combined with the funded status and funding progress of pension benefits described in Note 10.

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NOTE 14. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2017 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. This is a pay as you go plan and the District does not use any present value calculations to determine the estimated liability. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017 \$	25,000	28,708	243	49,123	161,761
2015-2016	30,000	31,149	318	111,797	156,933
2014-2015	18,000	34,329	715	21,567	207,263

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NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 169,074	
Capital Projects Fund		81,650
County Programs Fund		82,424
Payroll Agency Fund		5,000
Total	\$ 169,074	169,074

All interfunds are created as a result of timing differences between cash requirements in various funds and the receipt of cash from funding agencies and to subsidize operating revenue in food service. During the 2017 fiscal year, the general fund made a permanent interfund transfer in the amount of \$200,000 to the enterprise fund to partially cover accumulated deficits in the District food service program. It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 16 LITIGATION

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

NOTE 17. FUND BALANCE APPROPRIATED

General Fund - Of the \$6,838,455 General Fund balance at June 30, 2017, \$2,293,989 has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$1,040,751 has been reserved for future capital activity; \$660,702 has been reserved for future maintenance activity; \$75,671 has been reserved for encumbrances; and \$2,767,342 is unreserved and undesignated.

NOTE 18. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 13, 2017, the date on which the financial statements were available to be issued, and no items were identified that require disclosure.

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Required Supplementary Information
Part II

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BUDGETARY COMPARISON SCHEDULES

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Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
County Appropriation	\$ 2,050,096		2,050,096	2,050,096	-
Tuition- from LEAs	16,803,301		16,803,301	16,942,562	139,261
Other Tuition	675,400		675,400	586,960	(88,440)
Non-Resident Fees	122,760		122,760	158,937	36,177
Interest Earned on Capital Reserve Funds	100		100	100	-
Interest Earned on Maintenance Reserve Funds	20		20	20	-
Miscellaneous	20,000		20,000	155,647	135,647
Total - Local Sources	19,671,677	-	19,671,677	19,894,322	222,645
State Sources:					
Lead Testing for Schools Aid	-	3,148	3,148	3,148	-
Reimbursed TPAF Social Security Contributions (non-budgeted)	-		-	518,584	518,584
On-behalf TPAF Post Retirement Contributions (non-budgeted)			-	698,111	698,111
On-behalf TPAF LTDI (non-budgeted)			-	400	400
On-behalf TPAF Pension Contributions (non-budgeted)			-	837,839	837,839
Total - State Sources	-	3,148	3,148	2,058,082	2,054,934
Federal Sources:					
Medical Assistance Program	150,000		150,000	362,503	212,503
Total - Federal Sources	150,000	-	150,000	362,503	212,503
Total Revenues	19,821,677	3,148	19,824,825	22,314,907	2,490,082

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Current Expense:					
Behavioral Disabilities					
Salaries of Teachers	89,144	293,530	382,674	382,674	-
Other Salaries for Instruction	37,418	101,318	138,736	108,296	30,440
Purchased Professional-Educational Services	75,000	(75,000)	-	-	-
General Supplies	500	225	725	724	1
Total Behavioral Disabilities	202,062	320,073	522,135	491,694	30,441
Multiple Disabilities					
Salaries of Teachers	2,869,775	(503,662)	2,366,113	2,211,773	154,340
Other Salaries for Instruction	1,631,460	(191,557)	1,439,903	1,339,224	100,679
Purchased Professional-Educational Services	8,600	-	8,600	1,607	6,993
Other Purchased Services	1,500	-	1,500	167	1,333
General Supplies	96,700	-	96,700	77,520	19,180
Textbooks	11,700	-	11,700	50	11,650
Other Objects	25,100	-	25,100	7,753	17,347
Total Multiple Disabilities	4,644,835	(695,219)	3,949,616	3,638,094	311,522
Autism					
Salaries of Teachers	366,973	337,632	704,605	690,817	13,788
Other Salaries for Instruction	352,007	11,169	363,176	349,764	13,412
Purchased Professional-Educational Services	5,200	24,000	29,200	23,100	6,100
General Supplies	2,500	1,645	4,145	3,967	178
Textbooks	500	(300)	200	-	200
Other Objects	2,000	1,000	3,000	2,673	327
Total Autism	729,180	375,146	1,104,326	1,070,321	34,005
Preschool Disabilities - Full-Time					
Salaries of Teachers	212,424	-	212,424	211,537	887
Other Salaries for Instruction	180,251	-	180,251	100,010	80,241
General Supplies	1,500	-	1,500	869	631
Other Objects	500	-	500	-	500
Total Preschool Disabilities - Full-Time	394,675	-	394,675	312,416	82,259

Atlantic County Special Services School District
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 General Fund
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Extended School Year					
Salaries of Teachers	247,467	-	247,467	174,460	73,007
Other Salaries for Instruction	135,000	(17,500)	117,500	69,297	48,203
Purchased Professional-Educational Services	17,200	(6,077)	11,123	2,248	8,875
Other Purchased Services	-	100	100	20	80
General Supplies	4,000	-	4,000	1,806	2,194
Other Objects	12,920	5,977	18,897	15,000	3,897
Total Extended School Year	416,587	(17,500)	399,087	262,831	136,256
Cognitive - Severe					
Salaries of Teachers	306,048	8,500	314,548	311,392	3,156
Other Salaries for Instruction	220,773	-	220,773	181,978	38,795
Purchased Professional-Educational Services	210,210	-	210,210	210,210	-
General Supplies	3,250	-	3,250	3,007	243
Other Objects	2,500	-	2,500	-	2,500
Total Cognitive - Severe	742,781	8,500	751,281	706,587	44,694
Total Special Education - Instruction	7,130,120	(9,000)	7,121,120	6,481,943	639,177
Other Instructional Programs - Instruction					
Salaries	820,536	(30,300)	790,236	621,313	168,923
Supplies and Materials	16,425	-	16,425	5,925	10,500
Total Other Instructional Programs - Instruction	836,961	(30,300)	806,661	627,238	179,423
Total Instruction	7,967,081	(39,300)	7,927,781	7,109,181	818,600
Undistributed Expenditures - Health Services:					
Salaries	297,059	(2,849)	294,210	280,439	13,771
Purchased Professional and Technical Services	141,676	25,000	166,676	134,090	32,586
Supplies and Materials	5,500	2,849	8,349	6,150	2,199
Other Objects	1,500	-	1,500	692	808
Total Undistributed Expenditures - Health Services	445,735	25,000	470,735	421,371	49,364

Atlantic County Special Services School District
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 General Fund
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Other Support Services - Students - Speech, OT, PT & Related Services:					
Salaries	1,412,194	2,000	1,414,194	1,391,745	22,449
Purchased Professional and Educational Services	2,500	(1,500)	1,000	-	1,000
Other Purchased Services	-	1,500	1,500	1,500	-
Supplies and Materials	11,750	-	11,750	7,593	4,157
Total Undistributed Expenditures - Other Support Services - Students - Speech, OT, PT & Related Services:	1,426,444	2,000	1,428,444	1,400,838	27,606
Undistributed Expenditures - Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	656,067	(1,300)	654,767	638,021	16,746
Salaries of Secretarial and Clerical Assistants	54,293	-	54,293	53,711	582
Other Salaries	93,730	4,300	98,030	97,842	188
Other Purchased Services	600	-	600	387	213
Supplies and Materials	3,500	-	3,500	1,954	1,546
Other Objects	5,000	-	5,000	-	5,000
Total Undistributed Expenditures - Other Support Services - Students - Child Study Team:	813,190	3,000	816,190	791,915	24,275
Undistributed Expenditures - Improvement of Instructional Serv. Other Salaries	5,000	-	5,000	2,888	2,112
Total Undistributed Expenditures - Improvement of Instructional Serv. Other Salaries	5,000	-	5,000	2,888	2,112
Undistributed Expenditures - Educational Media Serv./Sch. Library					
Salaries	4,400	-	4,400	-	4,400
Purchased Professional and Technical Services	10,000	-	10,000	1,950	8,050
Other Purchased Services	600	-	600	-	600
Total Undistributed Expenditures - Edu. Media Serv/Sch Library	15,000	-	15,000	1,950	13,050
Undistributed Expenditures - Instructional Staff Training Services					
Purchased Professional - Educational Services	25,000	-	25,000	7,854	17,146
Other Purchased Services	5,000	-	5,000	106	4,894
Supplies and Materials	1,000	-	1,000	38	962
Total Undistributed Expenditures - Instructional Staff Training Services	31,000	-	31,000	7,998	23,002

Atlantic County Special Services School District
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 General Fund
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	197,091	-	197,091	193,743	3,348
Legal Services	38,742	11,000	49,742	35,679	14,063
Audit Fees	30,000	3,000	33,000	32,500	500
Architectural/Engineering Services	3,500	(3,000)	500	-	500
Other Purchased Professional Services	13,500	(5,500)	8,000	7,815	185
Communications/Telephone	41,200	(3,300)	37,900	30,900	7,000
Board of Education Other Purchased Services	2,500	-	2,500	1,897	603
Other Purchased Services	63,189	(2,526)	60,663	59,918	745
General Supplies	8,200	326	8,526	7,174	1,352
BOE In-House Training/Meeting Supplies	2,500	(500)	2,000	1,940	60
Miscellaneous Expenditures	4,900	-	4,900	4,545	355
BOE Membership Dues and Fees	8,500	500	9,000	8,455	545
Total Undistributed Expenditures - Support Services - Gen. Admin.	413,822	-	413,822	384,566	29,256
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	333,739	(30,000)	303,739	231,535	72,204
Salaries of Secretarial and Clerical Assistants	227,415	-	227,415	221,019	6,396
Other Purchased Services	2,500	500	3,000	917	2,083
Supplies and Materials	12,500	(2,500)	10,000	4,504	5,496
Other Objects	5,585	-	5,585	3,580	2,005
Total Undistributed Expenditures - Support Serv. - School Admin.	581,739	(32,000)	549,739	461,555	88,184
Undistributed Expenditures - Central Services					
Salaries	688,305	(10,726)	677,579	618,437	59,142
Purchased Professional Services	30,900	8,726	39,626	35,884	3,742
Miscellaneous Purchased Services	12,000	-	12,000	1,649	10,351
Supplies and Materials	13,400	500	13,900	12,607	1,293
Miscellaneous Expenses	3,000	-	3,000	2,591	409
Total Undistributed Expenditures - Central Services	747,605	(1,500)	746,105	671,168	74,937
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	106,451	-	106,451	83,689	22,762
Purchased Technical Services	41,173	(21,668)	19,505	19,462	43
Other Purchased Services	500	-	500	-	500
Supplies and Materials	36,405	8,400	44,805	44,209	596
Other Objects	500	1,000	1,500	1,308	192
Total Undistributed Expenditures - Admin. Info. Tech.	185,029	(12,268)	172,761	148,668	24,093

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Required Maintenance for School Facilities of Plant Services:					
Salaries	213,333	22,000	235,333	229,290	6,043
Cleaning, Repair and Maintenance Services	201,100	23,148	224,248	177,162	47,086
General Supplies	68,560	(12,500)	56,060	41,677	14,383
Other Objects	27,080	(13,700)	13,380	5,253	8,127
Total Undistributed Expenditures - Required Maintenance for School Facilities	510,073	18,948	529,021	453,382	75,639
Undistributed Expenditures - Custodial Services:					
Salaries	396,123	(1,000)	395,123	379,974	15,149
Purchased Professional and Technical Services	8,400	-	8,400	3,582	4,818
Cleaning, Repair, and Maintenance Services	20,400	-	20,400	13,587	6,813
Other Purchased Property Services	23,000	-	23,000	19,163	3,837
Insurance	65,200	-	65,200	36,546	28,654
General Supplies	49,330	12,500	61,830	56,438	5,392
Energy (Natural Gas)	122,000	(23,000)	99,000	98,952	48
Energy (Electricity)	365,000	(2,000)	363,000	351,445	11,555
Energy (Gasoline)	1,200	-	1,200	862	338
Other Objects	-	-	-	-	-
Total Undistributed Expenditures - Custodial Services	1,050,653	(13,500)	1,037,153	960,549	76,604
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	43,160	-	43,160	19,573	23,587
General Supplies	9,690	-	9,690	5,653	4,037
Total Undistributed Expenditures - Care & Upkeep of Grounds	52,850	-	52,850	25,226	27,624
Undistributed Expenditures - Security					
Salaries	112,939	(7,000)	105,939	104,646	1,293
Purchased Professional and Technical Services	79,142	2,600	81,742	80,377	1,365
General Supplies	2,958	8,900	11,858	10,983	875
Total Undistributed Expenditures - Security	195,039	4,500	199,539	196,006	3,533
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other than Between Home and School) - Vendors	35,500	-	35,500	12,848	22,652
Other Objects	2,500	-	2,500	-	2,500
Total Undistributed Expenditures - Student Transportation Serv.	38,000	-	38,000	12,848	25,152

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Unallocated Benefits:					
Social Security Contributions	379,841	14,000	393,841	392,004	1,837
Other Retirement Contributions - PERS	638,200	(14,000)	624,200	598,190	26,010
Other Retirement Contributions - DCRP	3,000	-	3,000	1,047	1,953
Unemployment Compensation	25,000	-	25,000	25,000	-
Worker's Compensation	275,000	18,000	293,000	292,168	832
Health Benefits	3,743,000	(21,000)	3,722,000	3,469,611	252,389
Tuition Reimbursement	35,000	(2,000)	33,000	21,585	11,415
Other Employee Benefits	10,100	5,000	15,100	11,141	3,959
Unused Sick Payment to Terminated/Retired Staff	78,377	-	78,377	53,708	24,669
Total Unallocated Benefits	5,187,518	-	5,187,518	4,864,454	323,064
Reimbursed TPAF Social Security Contributions (non-budgeted)					
On-behalf TPAF Post Retirement Contributions (non-budgeted)				518,584	(518,584)
On-behalf TPAF LTDI (non-budgeted)				698,111	(698,111)
On-behalf TPAF Pension Contributions (non-budgeted)				400	(400)
				837,839	(837,839)
Total On-behalf Contributions	-	-	-	2,054,934	(2,054,934)
Total Undistributed Expenditures	11,698,697	(5,820)	11,692,877	12,860,316	(1,167,439)
Interest Earned on Maintenance Reserve	20	-	20	20	-
Total Current Expense	19,665,798	(45,120)	19,620,678	19,969,517	(348,839)
Capital Outlay:					
Interest Earned on Capital Reserve	100	-	100	100	-
Equipment:					
Multiple Disabilities	10,000	5,000	15,000	-	15,000
Undistributed Expenditures:					
Instruction	5,000	(5,000)	-	-	-
Central Services	7,500	(7,500)	-	-	-
Admin Info Tech		19,768	19,768	19,768	-
Custodial Services		13,700	13,700	13,673	27
Care and Upkeep of Grounds		22,300	22,300	-	22,300
Total Equipment	22,600	48,268	70,868	33,541	37,327

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Facilities Acquisition and Construction Services:					
Construction Services	42,000	-	42,000	-	42,000
Total Facilities Acquisition and Construction Services	42,000	-	42,000	-	42,000
Total Capital Outlay	64,600	48,268	112,868	33,541	79,327
Total Expenditures	19,730,398	3,148	19,733,546	20,003,058	(269,512)
Excess (Deficiency) of Revenues Over (Under) Expenditures	91,279	-	91,279	2,311,849	2,220,570
Other Financing Sources (Uses):					
Cancellation of Prior Year Payables				16,641	16,641
Increase in Capital Reserve				392,100	392,100
Transfer to Capital Reserve				(392,100)	(392,100)
Increase in Maintenance Reserve				285,020	285,020
Transfer to Maintenance Reserve				(285,020)	(285,020)
Operating Transfers Out:					
Transfer to Food Service Fund - Board Contribution	(200,000)	-	(200,000)	(200,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(108,721)	-	(108,721)	2,128,490	2,237,211
Fund Balances, July 1	4,709,965	-	4,709,965	4,709,965	-
Fund Balances, June 30	\$ 4,601,244	-	4,601,244	6,838,455	2,237,211
Recapitulation of Fund Balance:					
Committed Fund Balance:					
Capital Reserve				1,040,751	
Maintenance Reserve				660,702	
Designated for Subsequent Year's Expenditures				2,293,989	
Assigned Fund Balance:					
Reserve for Encumbrances				75,671	
Unassigned Fund Balance				2,767,342	
				6,838,455	
Reconciliation to Governmental Funds Statements (GAAP)					
Last State Aid Payment Not Recognized on GAAP Basis				-	
Fund Balance per Governmental Funds (GAAP)				6,838,455	

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources		51,155	51,155	45,509	(5,646)
Total - Local Sources	-	51,155	51,155	45,509	(5,646)
Total Revenues	-	51,155	51,155	45,509	(5,646)

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

Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction					
Salaries of Teachers		3,000	3,000	3,000	-
Other purchased Services (400-500 series)		962	962	962	-
General Supplies		18,372	18,372	12,726	5,646
Total instruction	-	22,334	22,334	16,688	5,646
Facilities acquisition and construction services:					
Non-instructional Equipment		28,821	28,821	28,821	-
Total facilities acquisition and construction services	-	28,821	28,821	28,821	-
Total expenditures	-	51,155	51,155	45,509	5,646
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	-	-	-	-

ATLANTIC COUNTY SPRECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2017

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

		General Fund	Special Revenue
Sources/inflows of resources			
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	C-1; C-2	\$ 22,314,907	45,509
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			
Prior year			
Current year			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	22,314,907	45,509
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-2	20,003,058	45,509
Differences - budget to GAAP:			
Encumbrances for supplies and equipment ordered but but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes			
Prior year			
Current year			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to enterprise fund.			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$ 20,003,058	45,509

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Required Supplementary Information
Part III

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Retirement System
Last Four Fiscal Years

	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.1111737820%	0.1163600000%	0.1250800000%	0.1220000000%
District's proportionate of the net pension liability (asset)	\$ 32,926,485	\$ 26,119,602	\$ 23,417,955	\$ 23,359,742
District's covered payroll	\$ 6,833,374	\$ 6,988,957	\$ 8,719,053	\$ 8,676,108
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	481.85%	373.73%	268.58%	269.24%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for four years. Additional years will be presented as they become available.

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Schedule of District Contributions
Public Employee Retirement System
Last Four Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	987,652	1,000,350	\$ 1,000,872	\$ 908,418
Contributions in relation to the contractually required contribution	<u>987,652</u>	<u>1,000,350</u>	<u>1,000,872</u>	<u>908,418</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	6,833,374	6,988,957	\$ 8,719,053	\$ 8,676,108
Contributions as a percentage of covered-employee payroll	14.45%	14.31%	11.48%	10.47%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period.
However, information is only currently available for four years.
Additional years will be presented as they become available.

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Four Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.066279%	0.07846%	0.08300%	0.08200%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>60,321,128</u>	<u>\$ 49,593,171</u>	<u>\$ 44,293,160</u>	<u>\$ 41,665,099</u>
Total	<u><u>60,321,128</u></u>	<u><u>49,593,171</u></u>	<u><u>\$ 44,293,160</u></u>	<u><u>\$ 41,665,099</u></u>
District's covered payroll	7,080,193	7,197,007	\$ 8,522,183	\$ 8,480,208
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

Source: GASB 68 report on Teachers' Pension and Annuity Fund; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for four years. Additional years will be presented as they become available.

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SPECIAL REVENUE FUND

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Safety Grant	Education Foundation Grant	Total 2017
REVENUES:			
State Sources			-
Federal Sources			-
Local Sources	\$ 28,821	16,688	45,509
Total revenues	28,821	16,688	45,509
EXPENDITURES:			
Instruction:			
Salaries of teachers		3,000	3,000
Other purchased services		962	962
General supplies		12,726	12,726
Total instruction	-	16,688	16,688
Facilities acquisition and const. serv.:			
Noninstructional equipment	28,821		28,821
Total facilities acquisition and construction services	28,821	-	28,821
Total expenditures	\$ 28,821	16,688	45,509

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CAPITAL PROJECTS FUND

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Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2017

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP		Unexpended Appropriations 6/30/2017
			Prior Years	Expenditures to Date Current Year	
Boiler Project	9/26/2017	\$ 628,900	-	82,640	546,260
Totals		\$ 628,900	-	82,640	546,260

**Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
 For the Year Ended June 30, 2017**

**Revenue and Other Financing
 Sources**

County Bond Proceeds	\$ <u>628,900</u>
Total revenues	<u>628,900</u>

**Expenditures and Other Financing
 Uses**

Purchased professional and technical services	41,970
Construction Services	40,670
Total expenditures	<u>82,640</u>
Excess (deficiency) of revenues over (under) expenditures	546,260
Fund balance- beginning	-
Fund balance - ending	\$ <u><u>546,260</u></u>

**Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
 Boiler Replacement Project
 From Inception and for the Year Ended June 30, 2017**

	Prior Periods	Current Period	Totals	Revised Authorized Cost
Revenue and Other Financing Sources				
County Bond Proceeds	\$	628,900	628,900	628,900
Total revenues	-	628,900	628,900	628,900
Expenditures and Other Financing Uses				
Purchased Prof & Tech Services		41,970	41,970	49,500
Construction Services		40,670	40,670	579,400
Total expenditures	-	82,640	82,640	628,900
Excess (deficiency) of revenues over (under) expenditures	\$	546,260	546,260	-

Additional project information:

Project Number	0125-030-17-1000
Grant Date	N/A
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 628,900
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 628,900
Percentage Increase over Original Authorized Cost	0%
Percentage completion	13%
Original target completion date	December 2017
Revised target completion date	December 2017

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PROPRIETARY FUNDS

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Non-major Enterprise Funds
Combining Statement of Net Position
June 30, 2017

	School to Careers	State Programs	Total Non-major Funds
ASSETS:			
Cash and cash equivalents	\$ 9,437	48,497	57,934
Accounts Receivable:			
Other	6,695		6,695
Total Current Assets	<u>16,132</u>	<u>48,497</u>	<u>64,629</u>
Total assets	<u>16,132</u>	<u>48,497</u>	<u>64,629</u>
LIABILITIES AND FUND EQUITY:			
Current liabilities:			
Accounts payable			-
Interfund payable			-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Unrestricted	16,132	48,497	64,629
Total net position	<u>16,132</u>	<u>48,497</u>	<u>64,629</u>
Total liabilities and fund equity	<u>\$ 16,132</u>	<u>48,497</u>	<u>64,629</u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Revenues, Expenses, and Changes in Fund Net Position
Non-major Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities -		
	Enterprise Fund		
	School to Careers	State Programs	Total Non-major Funds
Operating revenues:			
Charges for services:			
Fee for Service	\$ 27,075		27,075
County Aid Payments			-
Total operating revenues	27,075	-	27,075
Operating expenses:			
Salaries	14,243		14,243
Total Operating Expenses	14,243	-	14,243
Operating income (loss)	12,832	-	12,832
Income (loss) before contributions & transfers	12,832	-	12,832
Capital contributions			-
Transfers in (out)			-
Change in net position	12,832	-	12,832
Total net position—beginning	3,300	48,497	51,797
Total net position—ending	\$ 16,132	48,497	64,629

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Cash Flows
Non-major Proprietary Funds
For the Year Ended June 30, 2017

**Business-type Activities -
Enterprise Funds**

	School to Careers	State Programs	Total Non-major Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 23,440		23,440
Payments for salaries	(14,243)		(14,243)
Payments for benefits			-
Other costs			-
Net cash provided by/(used for) operating activities	<u>9,197</u>	<u>-</u>	<u>9,197</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from/(to) other funds			-
Net cash provided by/(used for) non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets			-
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends		-	-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	9,197	-	9,197
Balances—beginning of year	240	48,497	48,737
Balances—end of year	<u>9,437</u>	<u>48,497</u>	<u>57,934</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	12,832	-	12,832
Adjustments to reconcile operating income (loss) to net cash provided by/(used for) operating activities			
(Increase)/Decrease in accounts receivable, net	(3,635)	-	(3,635)
Increase/(Decrease) in accounts payable	-		-
Total adjustments	<u>(3,635)</u>	<u>-</u>	<u>(3,635)</u>
Net cash provided by (used for) operating activities	<u>\$ 9,197</u>	<u>-</u>	<u>9,197</u>

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FIDUCIARY FUNDS

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Trust and Agency Fund
Combining Statement of Fiduciary Net Position
June 30, 2017

	Trust Funds	Agency	Totals
	Expendable Unemployment	Student Activity	Payroll
ASSETS:			
Cash and cash equivalents	\$ 172,516	59,930	17,870
Total Assets	172,516	59,930	17,870
LIABILITIES AND EQUITY:			
Liabilities:			
Due to State of New Jersey	10,755		10,755
Due to General Fund			5,000
Payroll Deductions Payable			12,870
Due to Student Groups		59,930	59,930
Total Liabilities	10,755	59,930	17,870
Equity:			
Net Position			
Reserved -			
Expendable Trust	161,761		161,761
Total equity	161,761	-	-
Total liabilities and equity	\$ 172,516	59,930	17,870

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Expendable Trust Funds
Combining Statement of Revenues, Expenditures
and Changes in Net Position
Year Ending June 30, 2017

	<u>Unemployment Trust</u>	<u>Total Expendable Trust</u>
ADDITIONS		
Local sources:		
Interest on investments	\$ 243	243
District contributions	25,000	25,000
Employee withholdings	28,708	28,708
	<u>53,951</u>	<u>53,951</u>
Total additions	<u>53,951</u>	<u>53,951</u>
DEDUCTIONS		
Payments of unemployment claims	49,123	49,123
	<u>49,123</u>	<u>49,123</u>
Total operating expenses	<u>49,123</u>	<u>49,123</u>
Change in net position	<u>4,828</u>	<u>4,828</u>
Net Position, July 1	<u>156,933</u>	<u>156,933</u>
Net Position, June 30	<u>\$ 161,761</u>	<u>161,761</u>

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS:				
Cash and cash equivalents	\$ 60,049	89,417	89,536	59,930
Total assets	<u>60,049</u>	<u>89,417</u>	<u>89,536</u>	<u>59,930</u>
LIABILITIES:				
Due to Student groups	60,049	89,417	89,536	59,930
Total liabilities	<u>\$ 60,049</u>	<u>89,417</u>	<u>89,536</u>	<u>59,930</u>

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Payroll Agency Fund
Statement of Changes in Assets and Liabilities
For the Fiscal Year ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS:				
Cash and cash equivalents	\$ 44,312	6,170,444	6,196,886	17,870
Total assets	<u>44,312</u>	<u>6,170,444</u>	<u>6,196,886</u>	<u>17,870</u>
LIABILITIES:				
Due to General Fund	6,282		1,282	5,000
Payroll deductions and withholdings	38,030	6,170,444	6,195,604	12,870
Total liabilities	<u>\$ 44,312</u>	<u>6,170,444</u>	<u>6,196,886</u>	<u>17,870</u>

Statistical Section

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**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Net Position by Component,
Last Ten Fiscal Years
Unaudited**

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	25,881,453	25,095,099	24,384,588	23,554,439	22,859,252	22,911,095	22,029,125	21,491,916	20,804,347	20,064,288
Restricted	91,657	189,785	282,157	220,876	351,949	431,660	502,986	510,492	1,024,333	1,661,682
Unrestricted	1,400,018	3,433,760	3,502,274	4,063,779	3,119,820	2,805,165	2,237,148	(21,773,111)	(20,901,443)	(20,504,881)
Total governmental activities net position	<u>27,373,128</u>	<u>28,718,644</u>	<u>28,169,019</u>	<u>27,839,094</u>	<u>26,331,021</u>	<u>26,147,920</u>	<u>24,769,259</u>	<u>229,297</u>	<u>927,237</u>	<u>1,221,089</u>
Business-type activities										
Invested in capital assets, net of related debt	1,310,824	1,282,907	1,395,560	1,398,487	1,436,445	2,119,606	1,753,014	1,534,772	1,782,430	1,549,132
Restricted										
Unrestricted	3,514,536	4,002,781	3,208,924	2,268,554	2,304,396	1,638,304	1,503,127	2,255,100	2,363,799	2,673,412
Total business-type activities net position (as restated)	<u>4,825,360</u>	<u>5,285,688</u>	<u>4,604,484</u>	<u>3,667,041</u>	<u>3,740,841</u>	<u>3,757,910</u>	<u>3,256,141</u>	<u>3,789,872</u>	<u>4,146,229</u>	<u>4,222,544</u>
District-wide										
Invested in capital assets, net of related debt	27,192,277	26,378,006	25,780,148	24,952,926	24,295,697	25,030,701	23,782,139	23,026,688	22,586,777	21,613,420
Restricted	91,657	189,785	282,157	220,876	351,949	431,660	502,986	510,492	1,024,333	1,661,682
Unrestricted	4,914,554	7,436,541	6,711,198	6,332,333	5,424,216	4,443,469	3,740,275	(19,518,011)	(18,537,644)	(17,831,469)
Total district net position (as restated)	<u>\$ 32,198,488</u>	<u>34,004,332</u>	<u>32,773,503</u>	<u>31,506,135</u>	<u>30,071,862</u>	<u>29,905,830</u>	<u>28,025,400</u>	<u>4,019,169</u>	<u>5,073,466</u>	<u>5,443,633</u>

Source: CAFR Schedule A-1

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Changes in Net Position, Last Ten Fiscal Years
Unaudited**

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Other special education	\$ 12,178,605	11,357,883	11,576,216	11,149,057	11,219,541	7,601,339	7,845,081	7,607,307	6,674,720	13,150,586
Other instruction	837,669	997,651	1,087,259	1,103,773	1,151,081	769,477	761,457	855,485	840,012	1,269,274
Support Services:										
Student & instruction related services	3,996,715	3,949,841	4,333,611	4,251,924	4,212,370	3,011,649	3,038,669	2,884,228	2,575,716	5,315,899
General administrative services	1,526,928	1,433,617	1,497,142	1,090,686	899,144	604,907	631,216	672,983	590,498	933,999
School administrative services	899,442	970,627	912,734	1,601,949	1,632,110	1,089,890	1,115,928	1,174,994	1,237,757	2,437,219
Plant operations and maintenance	2,044,254	2,169,675	2,137,797	2,196,979	2,327,684	775,391	1,653,937	1,607,410	1,514,807	3,308,944
Pupil transportation	46,257	51,088	61,297	56,145	44,453	38,272	27,389	29,214	19,583	25,999
Unallocated Benefits						6,734,753	6,750,637	9,043,970	9,080,388	74,634
Capital Outlay	2,443	232	2,067	-	32,246				841,464	
Unallocated Depreciation										
Total governmental activities expenses	21,532,313	20,930,614	21,608,123	21,450,513	21,518,629	21,541,985	22,714,234	24,673,670	23,374,955	28,516,554
Business-type activities:										
Food service	674,572	663,687	669,690	673,023	718,931	681,858	709,251	695,013	585,800	598,363
Transportation	6,971,980	7,109,580	6,780,310	7,022,680	7,575,920	7,725,596	7,510,045	7,345,473	7,130,778	6,548,940
Teachers Aide Services	1,432,445	2,276,341	2,583,110	2,471,358	3,172,293	4,042,881	3,462,620	3,499,857	3,650,622	4,071,467
Other	857,809	928,638	751,589	762,658	616,396					14,243
Total business-type activities expense	9,936,806	10,978,246	10,784,699	10,929,719	12,083,540	12,450,335	11,681,916	11,540,343	11,367,200	11,233,013
Total district expenses	31,469,119	31,908,860	32,392,822	32,380,232	33,602,169	33,992,320	34,396,150	36,214,013	34,742,155	37,749,567
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	15,603,048	18,841,028	17,521,091	17,736,399	16,440,380	17,045,538	17,511,058	17,300,771	18,249,748	17,688,459
Operating grants and contributions	311,074	261,085	251,596	9,783	46,464	1,763,872	1,555,966	3,673,677	3,637,239	4,888,197
Total governmental activities program revenues	15,914,122	19,102,113	17,772,687	17,746,182	16,486,844	18,809,410	19,067,024	20,974,448	21,886,987	22,576,656
Business-type activities:										
Charges for services										
Food service	265,261	266,283	251,918	257,233	251,792	273,208	249,915	238,480	244,334	254,708
Transportation	7,260,097	7,695,337	6,597,983	6,576,257	8,379,071	7,988,914	7,137,544	7,552,623	6,650,694	6,143,004
Teachers Aide Services	2,137,523	2,301,864	2,123,816	2,119,577	2,578,198	3,571,220	3,428,023	3,686,080	3,889,285	4,467,413
Other	926,849	784,983	764,303	748,014	523,252					27,075
Operating grants and contributions	211,948	235,763	231,675	215,087	208,704	195,504	231,665	228,814	217,241	211,657
Total business-type activities program revenues	10,801,678	11,284,230	9,969,695	9,916,168	11,941,017	12,028,846	11,047,147	11,705,997	11,001,554	11,103,857
Total district program revenues	26,715,800	30,386,343	27,742,382	27,662,350	28,427,861	30,838,256	30,114,171	32,680,445	32,888,541	33,680,513
Net (Expense)/Revenue										
Governmental activities	(5,618,191)	(1,828,501)	(3,835,436)	(3,704,331)	(5,031,785)	(2,732,575)	(3,647,210)	(3,699,222)	(1,487,968)	(3,939,898)
Business-type activities	864,872	305,984	(615,004)	(1,013,551)	(142,523)	(421,489)	(634,769)	165,654	(365,646)	(129,156)
Total district-wide net expense	(4,753,319)	(1,522,517)	(4,550,440)	(4,717,882)	(5,174,308)	(3,154,064)	(4,281,979)	(3,533,568)	(1,853,614)	(4,069,054)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	1,920,000	1,980,000	1,980,000	1,990,000	1,999,800	2,039,796	2,050,096	2,050,096	2,050,096	2,050,096
Federal & State Aid - not restricted	1,471,192	1,219,541	1,293,710	1,316,894	1,623,163	215,658	116,233	610,235	215,447	1,582,346

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Changes in Net Position, Last Ten Fiscal Years
Unaudited**

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Miscellaneous income										
Transfers	224,737	85,904	79,491	145,046	108,554	432,343	223,087	161,438	170,365	155,767
Contributed Services	(107,801)	(117,503)	(128,078)	(74,340)	(215,544)	(139,126)	(133,000)	(305,976)	(250,000)	(200,000)
535,000										
Cancellation of Prior Year Payables	17,017	7,114	185	6,809	7,739	803	12,133	60,582		16,641
Loss on the Disposal of Fixed Assets	(535)	(1,039)								
Adjustment to Fixed Assets										
County Bond Proceeds			60,503							628,900
Receivable Cancelled								(57,373)		
Total governmental activities	4,059,610	3,174,017	3,285,811	3,374,409	3,523,712	2,549,474	2,268,549	2,519,002	2,185,908	4,233,750
Business-type activities:										
Miscellaneous income										
Transfers	107,801	36,841	5,722	1,768	779	139,126	133,000	305,976	250,000	200,000
Cancellation of Prior Year Payables		117,503	128,078	74,340	215,544	2,608		62,101		9,641
Adjustment to Capital Assets						296,824				
Loss on Disposal of Fixed Assets										
Total business-type activities	107,801	154,344	133,800	76,108	216,323	438,558	133,000	368,077	250,000	(4,170)
Total district-wide	4,167,411	3,328,361	3,419,611	3,450,517	3,740,035	2,988,032	2,401,549	2,887,079	2,435,908	4,239,221
Change in Net Position										
Governmental activities	(1,558,581)	1,345,516	(549,625)	(329,922)	(1,508,073)	(183,101)	(1,378,661)	(1,180,220)	697,940	293,852
Business-type activities	972,673	460,328	(681,204)	(837,443)	73,800	17,069	(501,769)	533,731	(115,646)	76,315
Total district	\$ (585,908)	1,805,844	(1,230,829)	(1,267,365)	(1,434,273)	(166,032)	(1,880,430)	(646,489)	582,294	370,167

Source: CAFR Schedule A-2

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Committed										
Assigned				2,564,614	45,879	1,040,663	1,013,012		31,721	3,995,442
Unassigned				2,165,853	2,562,486	2,293,645	1,804,831	2,405,779	3,653,911	75,671
Reserved	\$ 91,657	189,785	282,157		1,365,844	431,660	309,691	489,731	1,024,333	2,767,342
Unreserved	1,960,068	3,947,903	4,021,913	2,165,853	3,974,209	3,765,968	3,127,534	2,895,510	4,709,965	6,838,455
Total general fund	2,051,725	4,137,688	4,304,070	2,165,853	3,974,209	3,765,968	3,127,534	2,895,510	4,709,965	6,838,455
All Other Governmental Funds										
Assigned, reported in:										
Capital projects fund				98,922	-	-	193,295	20,761	-	545,260
Unreserved, reported in:				98,922	-	-	193,295	20,761	-	1,000
Capital projects fund	43,651	5,302	-	98,922	-	-	193,295	20,761	-	1,000
Total all other governmental funds	\$ 43,651	5,302	-	98,922	-	-	193,295	20,761	-	546,260

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

Source: CAFR Schedule B-1

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
County Appropriation	1,920,000	1,980,000	1,980,000	1,980,000	1,999,800	2,039,796	2,050,096	2,050,096	2,050,096	2,050,096
Tuition charges	15,603,048	18,663,965	17,392,609	17,647,674	16,334,305	17,045,538	17,511,058	17,300,771	18,249,748	17,529,522
Interest Earnings	1,451	232	2,067	187	769	7,631	5,189	1,315	751	120
Miscellaneous	266,354	262,735	217,815	243,367	251,526	441,731	227,935	194,428	171,096	360,093
State sources	1,593,192	1,340,697	1,338,193	1,166,835	1,481,637	1,753,872	1,550,836	1,817,040	1,880,708	2,058,082
Federal sources	146,006	139,929	195,204	150,059	150,324	208,639	111,326	473,389	201,036	362,503
Total revenue	19,530,051	22,367,558	21,125,888	21,188,122	20,218,361	21,497,207	21,456,440	21,837,039	22,553,435	22,360,416
Expenditures										
Instruction										
Other special instruction	8,660,639	8,131,439	8,144,280	7,740,956	7,635,798	7,601,339	7,845,081	7,607,307	6,674,720	6,498,631
Other instruction	595,696	714,247	764,925	766,366	783,403	769,477	761,457	855,485	840,012	627,238
Support Services:										
Student & instruction related services	2,842,206	2,827,806	3,048,849	2,952,174	2,866,856	3,011,649	3,038,669	2,884,228	2,575,716	2,626,960
General administrative services	400,707	357,009	399,463	369,917	611,940	604,907	631,216	672,983	590,498	384,566
School Administrative services	639,625	694,900	642,141	757,282	357,719	407,138	411,047	450,136	514,285	461,555
Business administrative services	685,146	669,359	688,275	742,340	753,063	682,752	704,881	724,858	723,472	819,836
Plant operations and maintenance	1,453,742	1,553,333	1,504,016	1,525,395	1,584,176	1,654,930	1,644,725	1,620,719	1,559,994	1,635,183
Pupil transportation	32,895	36,576	43,125	38,981	30,253	38,272	27,389	29,214	19,583	12,848
Unallocated employee benefits	5,449,594	5,149,836	5,517,452	5,633,755	5,987,339	6,708,050	6,699,085	6,846,339	6,902,753	6,919,388
Capital outlay	610,342	95,050	84,389	68,106	255,189	88,611	17,162	247,561	108,708	145,002
Total expenditures	21,370,592	20,229,555	20,836,915	20,595,272	20,865,736	21,567,125	21,780,712	21,938,830	20,509,741	20,131,207
Excess (Deficiency) of revenues over (under) expenditures	(1,840,541)	2,158,003	288,973	592,850	(647,375)	(69,918)	(324,272)	(101,791)	2,043,694	2,229,209
Other Financing sources (uses)										
Contributed Services	535,000									16,641
Cancellation of Prior Year Payables	17,017	7,114	185	6,809	7,739	803	12,133	60,582		628,900
County Bond Proceeds										392,100
Increase in Capital Reserve		100,000	156,749	75,000	75,000					
Transfer to Capital Reserve		(100,000)	(100,000)	(75,000)	(75,000)					(392,100)
Transfer from Emergency Reserve			(56,749)							
Transfers in				119,414	9,425					
Transfers out		(117,503)	(128,078)	(193,754)	(224,969)	(139,126)	(133,000)	(305,976)	(250,000)	(200,000)
Appropriations Cancelled								(57,373)		
Total other financing sources (uses)	444,216	(110,389)	(127,893)	(67,531)	(207,805)	(138,323)	(120,867)	(302,767)	(250,000)	445,541
Net change in fund balances	(1,396,325)	2,047,614	161,080	525,319	(855,180)	(208,241)	(445,139)	(404,558)	1,793,694	2,674,750
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: CAFR Schedule B-2

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Interest	Non-Resident Fees	Shared Services	Miscellaneous	Total
2008	162,861	-	-	61,876	224,737
2009	52,088	-	-	210,879	262,967
2010	70,160	-	-	149,722	219,882
2011	187	-	-	243,367	243,554
2012	769	106,075	104,251	3,534	214,629
2013	7,631	129,518	111,281	183,913	432,343
2014	5,189	118,769	55,486	43,643	223,087
2015	1,315	108,286	48,376	3,461	161,438
2016	751	110,635	23,375	35,604	170,365
2017	8,919	158,937	105,621	41,107	314,584

Source: District Records

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
*Unaudited***

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	8	10	10	10	10	10	10	10	10	12
Special Education instruction	60	57	57	57	59	61	59	59	49	50
Other special education instruction	160	141	154	145	140	135	142	142	142	94
Other instruction	6	5	6	5	4	5	4	4	4	2
Nonpublic school programs	2	3	3	4	-	-	-	-	-	-
Support Services:										
Student & instruction related services	43	44	48	43	45	45	43	43	31	32
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	10	10	10	9	8	8	8	8	7	7
Business administrative services	11	11	12	13	12	12	12	12	12	12
Plant operations and maintenance	16	17	16	17	18	14	16	16	16	16
Pupil transportation	127	126	122	130	141	135	132	132	114	83
Food Service	9	9	9	9	9	9	8	8	6	6
Total	454	435	449	444	448	436	436	436	393	316

Source: District Personnel Records

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2008	467	20,760,250	44,454	5.60%	60	8:1	8:1	8:1	467	427	-0.43%	91.43%
2009	500	20,760,250	41,521	-6.60%	67	8:1	8:1	8:1	490	440	4.93%	89.80%
2010	499	20,752,526	41,588	0.16%	57	8:6:1	8:6:1	8:8:1	475	426	-3.06%	89.68%
2011	457	19,473,436	42,611	2.46%	57	8:1	8:5:1	7:5:1	457	413	-3.79%	90.37%
2012	438	19,463,680	44,438	4.29%	59	7:1	7:1	7:1	438	400	-4.16%	91.32%
2013	439	21,550,106	49,089	10.47%	71	6:2:1	6:2:1	6:2:1	434	389	-0.91%	89.63%
2014	431	21,763,500	50,495	2.86%	69	6:1	6:1	6:5:1	431	389	-0.67%	89.80%
2015	406	21,727,341	53,516	5.98%	69	6:1	6:1	6:5:1	406	381	-5.82%	93.84%
2016	390	20,508,259	52,585	-1.74%	59	6:1	6:1	6:5:1	387	348	-4.68%	89.92%
2017	371	19,986,205	53,871	2.45%	62	6:1	6:1	6:5:1	365	329	-5.68%	90.14%

Sources: District records, ASSA and Schedules J-4

Note: Enrollment based on annual October district count.

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

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 School Building Information
 Last Ten Fiscal Years
Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
<u>Main Campus - Mays Landing (2003)</u>										
Square Feet	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000
Capacity (students)	508	508	508	508	508	508	508	508	508	508
Enrollment	471	500	499	457	438	439	431	406	390	371
<u>Other Facilities</u>										
Transportation - Mays Landing										
Square Feet	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700

Number of Schools at June 30, 2017
 Main Campus = 1
 Other = 1

Source: District records, ASSA

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 General Fund
 Schedule of Required Maintenance for School Facilities
 Last Ten Years
Unaudited

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

School Facilities	Project # (s)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Mays Landing Campus	N/A	\$ 453,382	481,470	427,027	465,837	484,235	470,205	637,223	609,620	629,165	557,315
Grand Total		<u>\$ 453,382</u>	<u>481,470</u>	<u>427,027</u>	<u>465,837</u>	<u>484,235</u>	<u>470,205</u>	<u>637,223</u>	<u>609,620</u>	<u>629,165</u>	<u>557,315</u>

Atlantic County Special Services School District
Insurance Schedule
June 30, 2017
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Property, Inland Marine & Automobile Physical Damage Limit of Liability - per occurrence	93,498,239	5,000
Extra Expense	50,000,000	
Loss of Business Income/Tuition	3,000,000	
Valuable Papers	10,000,000	
Public Official Bonds School Business Administrator	75,000	
Comprehensive General Liability Coverage Limit	31,000,000	
Electronic Data Processing	822,000	1,000
Package Policy Crime Coverage	1,000,000	1,000
Board Member Accident Limit of Liability Aggregate	100,000 250,000	
Student Accident (Compulsory) Maximum Benefit	1,000,000	
Student Accident (Catastrophic) Maximum Benefit	5,000,000	25,000
Volunteer Accident Maximum Benefit	250,000	
Boiler and Machinery	100,000,000	5,000
Automobile Liability	31,000,000	
Standard Worker's Compensation & Employer's Liability Policy Workers Compensation-Coverage A Employers' Liability Agreement-Coverage B	Statutory 2,000,000	
School Board Legal Liability Coverage A Coverage B each occurrence policy period	31,000,000 100,000 300,000	5,000 5,000
Pollution Liability per occurrence policy period	1,000,000 11,000,000	25,000 75,000
Cyber Risk Liability	2,000,000	20,000

Source: District Records.

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Single Audit Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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K-1 INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Atlantic County Schools for Special Services School District
(a component unit of the County of Atlantic)
Mays Landing, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School 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 Atlantic County Special Services School District (a component unit of the County of Atlantic), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s basic financial statements, and have issued our report thereon dated October 13, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Atlantic County Schools for Special Services' (a component unit of the County of Atlantic) 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 Atlantic County Special Services School District (a component unit of the County of Atlantic)'s internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Atlantic County Special Services School District (a component unit of the County of Atlantic)'s basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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 prescribed by the Division of Finance, Department of Education, and State of New Jersey.

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

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

October 13, 2017



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Honorable President and
Members of the Board of Education
Atlantic County Special Services School District
(a component unit of the County of Atlantic)
Mays Landing, New Jersey

Report on Compliance for Each Major State Program

We have audited the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s compliance with the types of compliance requirements described in the Uniform Guidance and NJ OMB 15-08 that could have a direct and material effect on each of the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s major state programs for the year ended June 30, 2017. The Atlantic County Special Services School District (a component unit of the County of Atlantic)'s major 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 the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Uniform Guidance, New Jersey Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s compliance.

Opinion on Each Major State Program

In our opinion, the Atlantic County Special Services School District (a component unit of the County of Atlantic) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Atlantic County Special Services School District (a component unit of the County of Atlantic) 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 Atlantic County Special Services School District (a component unit of the County of Atlantic)'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Uniform Guidance and NJ OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s internal control over compliance.

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

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

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 Uniform Guidance and NJ OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

October 13, 2017

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 (A Component Unit of the County of Atlantic)
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016	Carover Amount	Cash Received	Budgetary Expenditures		Adjustment	Repayment of Prior Years' Balances	Balance at June 30, 2017		
									Pass Through	Source Direct			(NETO) Passed Through to Sub-Recipients	Deferred Revenue	Due to Grantor
U. S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.555	171NJ304N099	N/A	7/1/16 - 6/30/17	25,046			25,046	(25,046)						
Food Distribution Program	10.555	1616NJ304N099	N/A	7/1/16 - 6/30/16	19,885	1,178		(1,178)	(1,178)						
School Breakfast Program	10.553	171NJ304N099	N/A	7/1/16 - 6/30/17	65,451	(4,228)	61,517	(65,451)	(65,451)				(3,534)		
School Breakfast Program	10.553	1616NJ304N099	N/A	7/1/16 - 6/30/16	69,665		4,228								
National School Lunch Program	10.555	171NJ304N099	N/A	7/1/16 - 6/30/17	117,629	(7,313)	110,483	(117,629)	(117,629)					(7,136)	
National School Lunch Program	10.555	1616NJ304N099	N/A	7/1/16 - 6/30/16	125,243		7,313								
Total U.S. Department of Agriculture						(10,353)	-	208,597	(209,304)				(11,070)		
U.S. Department of Education															
Passed-through State Department of Education:															
General Fund:															
Special Education Medicaid Aid	93.778	1705NJ5MAP	N/A	7/1/16 - 6/30/17	362,503		362,503	(362,503)	(362,503)						
Total General Fund								362,503	(362,503)						
Total Federal Financial Awards					\$ (10,353)			\$ 571,100	\$ (571,807)				\$ (11,070)		

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

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 (A Component Unit of the County of Atlantic)
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Balance at June 30, 2017			MEMO	
				Deferred Revenue (Accts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor at	Budgetary Receivable
State Department of Education											
General Fund:											
Lead Testing for Schools Aid	17-495-034-5120-104	7/1/16-6/30/17	3,148				(3,148)	(3,148)			3,148
Reimbursed TPAF Social Security Contributions	16-495-034-5095-003	7/1/15-6/30/16	521,584	(25,422)		25,422	(518,584)	(25,691)			521,584
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003	7/1/16-6/30/17	518,584			492,893	(518,584)	(25,691)			518,584
Total General Fund				(25,422)	-	518,315	(521,732)	(28,839)	-	-	1,043,316
State Department of Agriculture											
Enterprise Fund:											
National School Lunch Program (State Share)	17-100-010-3350-023	7/1/16-6/30/17	2,353	(225)		2,212	(2,353)	(141)			2,353
National School Lunch Program (State Share)	16-100-010-3350-023	7/1/15-6/30/16	2,648			225					2,648
Total State Financial Assistance				(25,647)	-	520,752	(524,085)	(28,980)	-	-	1,048,317

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

Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2017

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The District has elected not to use the 10% de minimis indirect cost rule.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,536,350 for the general fund and. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2017**

	<u>General fund</u>	<u>Food service fund</u>	<u>Total</u>
State Assistance:			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 521,732	2,353	524,085
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			-
On behalf payments recognized for GAAP purposes but not included on the Schedule of Expenditures of State Financial Assistance	1,536,350		1,536,350
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 2,058,082</u>	<u>2,353</u>	<u>2,060,435</u>

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2017**

	General Fund	Food Service Fund	Total
Federal Assistance:			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 362,503	209,304	571,807
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.			-
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>\$ 362,503</u>	<u>209,304</u>	<u>571,807</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2017. For the Single Audit Determination, the State of New Jersey Department of Education requires the TPAF Pension contribution be included to determine if the District exceeds the \$750,000 threshold. This amount is then excluded from the major program determination. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(a component unit of the County of Atlantic)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part I -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
1) Material weakness(es) identified?	_____ yes	_____ <u>X</u> _____ no	
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> _____ none reported	
Noncompliance material to basic financial statements noted?	_____ yes	_____ <u>X</u> _____ no	

Federal Awards Section

Not Applicable

Internal Control over major programs:			
1) Material weakness(es) identified?	_____ yes	_____ _____ no	
2) Significant deficiencies identified	_____ yes	_____ _____ none reported	

Type of auditor's report on compliance for major programs _____

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	_____ yes	_____ _____ no
---	-----------	----------------

Identification of major programs:

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

Dollar threshold used to determine Type A programs: _____

Auditee qualified as low-risk auditee?	_____ yes	_____ _____ no
--	-----------	----------------

**EGG HARBOR TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I -- Summary of Auditor's Results

State Awards Section

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiencies identified _____ yes X none reported

Type of auditor's report on compliance for major programs

_____ Unmodified _____

Any audit findings disclosed that are required to be reported in accordance NJOMB Circular Letter 15-08?

_____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>16-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contributions</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

N) Dollar threshold used to determine Type A programs: _____ \$750,000 _____

O) Auditee qualified as low-risk auditee? X yes _____ no

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF ATLANTIC)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 2 -- Schedule of Financial Statement Findings

None

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

None

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

None

STATUS OF PRIOR YEAR FINDINGS

None