

Board of Education
OF
ATLANTIC COUNTY
SPECIAL SERVICES
SCHOOL DISTRICT
(a component unit of the County of Atlantic)

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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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

January 23, 2019

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, 2018, 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: The district's is experiencing declining enrollment in 2018-2019. The current enrollment is 40 students less than the projected enrollment of 349. The district has taken measures to set aside funds to offset the shortfall, freeze spending and reallocating funds from enterprise funds. Sending districts continue to develop strategies to keep their 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 was adjusted in the 2017-2018 and again in the 2018-2019 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 2019-2020 budget.

The casino industry in Atlantic City has experienced a recovery with the opening of two major casinos. The new Ocean Beach Resort, previously Revel, and Hard Rock Casino, previously Trump Taj Mahal, reopened in June 2018 returning over 3,000 jobs to the region. The Gateway Project in Atlantic City is being finalized and is expected to bring economic growth to the area. The Gateway Project includes a Stockton University satellite campus and dorms which opened in September 2018. South Jersey Energy is also relocating its corporate offices to the Gateway Project and is expected to open in October 2018. The Stockton Aviation Research Park broke ground in May 2017 and construction on the first of seven buildings began in May 2018. The \$22.4 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.

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 updating our Vocational/Transition Services Program. Our program now includes job coaches to support students in vocational placements. Students have an opportunity to experience multiple jobs and obtain additional transferrable skills. Our full-time Behavior Specialist continues to work 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.

Our program for students in the autism spectrum ranges from pre-school to high school and up to age 21. We have a consultant working with us weekly to provide in-class support for our teachers and aides to model best practices and improve communication with students. This modeling allows for continuity and articulation with our middle and high school staff to continue to support students and help them reach long-term goals. We have also realigned resources such as our Child Study Team staff and therapists to better serve our students, improve progress monitoring, assessments, and IEP writing and implementation.

Our school-wide student lunch program, held in the cafeteria, 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 program, providing a pre-vocational experience for our high school students.

We continue to provide feedback and support to our staff through the evaluation process. Comprehensive professional learning activities, including Non-Violent Crisis Intervention (NVC) training and bullying prevention program, serve to provide consistent frameworks within, which 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.

This year's schedule includes 30 minute periods. This has improved the pace of lessons and gives our students a highly structured daily schedule with fluid movement between activities and special classes.

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, 2018.

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

Philip J. Guenther, Ed.D.
Superintendent

Lisa Mooney

Lisa Mooney, CPA
Business Administrator/
Board Secretary

ORGANIZATIONAL CHART 2018/2019
 Effective July 1, 2018

**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

Todd D'Anna
 Assistant
 Business
 Administrator

- 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

Gail Pietropola
 Administrative
 Assistant
 Personnel

- Technology Coordinator
- School Resource Officer
- Vocational Coordinator

- Brian Kern**
 Principal -Elementary/Middle
- Professional Development
 - Technology
 - Assessment Coordinator
 - Curriculum Coordinator
 - Behavior Program Lead

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

- Tad Derenberger**
 Principal -High School
- Professional Development
 - School to Career Program
 - Mentoring Program
 - Harborfields Detention Center
 - Vocational Program Lead

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

MAYS LANDING, NEW JERSEY

ROSTER OF OFFICIALS
June 30, 2018

<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	2021
Mark W. Ludwick	2020
Joseph F. Zondlo	2021
Robert Bumpus, Interim Executive Regional Superintendent	Ex-officio
Kathleen Quish	Ex-officio
<u>Other Officials</u>	
Philip J. Guenther, Ed. D., Superintendent	
Kerri McGinley, Ed. D., Assistant 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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Manders, Merighi, Portadin, Farrell Architects, LLC
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Louis J. Greco, Esq.
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Audit Firm

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Official Depository

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Barry D. Glasser, M.D.
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, 2018, 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, 2018, 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 January 23, 2019 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

January 23, 2019

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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, 2018. 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 position of the District decreased approximately \$855,000 due to depreciation expense and a decrease in enrollment.
- The State of New Jersey reimbursed the District \$533,246 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. The State also contributed \$5,582,377 for TPAF Pension Contributions on-behalf of the district and post-retirement benefits provided to former district employees. 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, 2018, the District's governmental activities expenditures were approximately \$967,000 more than total revenues. During the prior fiscal year, revenues exceeded expenditures by approximately \$294,000.
- In the District's business-type activities, net position increased \$112,000 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 position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
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.
------------------------------------	---	--	---	---

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 position 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 position* and how they have changed. Net position – 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 position 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 position and a statement of changes in fiduciary net position. 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 position. The District's governmental activities net position decreased between fiscal years 2018 and 2017 as a result of an excess of expenditures over revenues. The business-type activities net position increased due to the excess of revenues over expenses.

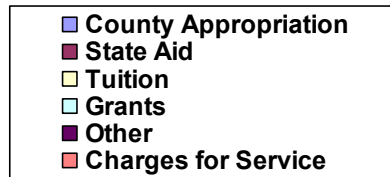
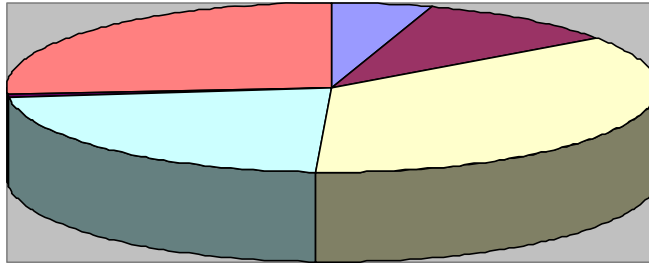
	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Current and other assets	\$ 6,266,408	7,617,519	3,156,766	2,884,089
Capital assets	20,045,747	20,064,288	1,406,575	1,549,132
Total assets	26,312,155	27,681,807	4,563,341	4,433,221
Deferred Outflows of Resources	5,432,001	8,979,521		
Total deferred outflows of resources	5,432,001	8,979,521	-	-
Long-term liabilities	22,893,931	33,271,037	195,428	193,951
Other liabilities	57,604	218,488	32,838	16,726
Total liabilities	22,951,535	33,489,525	228,266	210,677
Deferred Inflows of Resources	8,539,151	1,950,714		
Total deferred inflows of resources	8,539,151	1,950,714	-	-
Net position				
Invested in capital assets	20,045,747	20,064,288	1,406,575	1,549,132
Restricted	1,089,745	1,661,682		
Unrestricted	(20,882,022)	(20,504,881)	2,928,500	2,673,412
Total net position	\$ 253,470	1,221,089	4,335,075	4,222,544

Changes in net position. The total revenue of the District increased approximately \$2,960,000 due to an increase in state assistance for pensions.

Approximately 36% 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.

	2018		2017	
	Amount	Percentage	Amount	Percentage
County Appropriation	\$ 2,050,096	5.02%	\$ 2,050,096	5.38%
Unrestricted State aid	4,077,210	9.99%	1,582,346	4.15%
Tuition	14,652,684	35.91%	17,688,459	46.40%
Charges for Services	10,808,359	26.49%	10,892,200	28.57%
Operating Grants and Contributions	8,972,031	21.99%	5,099,854	13.38%
Other	241,403	0.59%	806,779	2.12%
Totals	\$ 40,801,783	100.00%	38,119,734	100.00%

2018 Revenue



Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2018 and 2017 fiscal years.

	Governmental Activities		Business-type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program revenue						
Charges for services	14,652,684	17,688,459	10,808,359	10,892,200	25,461,043	28,580,659
Operating Grants	8,778,626	4,888,197	193,405	211,657	8,972,031	5,099,854
General revenues						
County Appropriation	2,050,096	2,050,096			2,050,096	2,050,096
State aid entitlements	4,077,210	1,582,346			4,077,210	1,582,346
Other	519,672	801,308		5,471	519,672	806,779
Total revenues	<u>30,078,288</u>	<u>27,010,406</u>	<u>11,001,764</u>	<u>11,109,328</u>	<u>41,080,052</u>	<u>38,119,734</u>
Expenses						
Instruction:						
Other special instruction	15,342,977	13,150,586		-	15,342,977	13,150,586
Other instruction	1,508,517	1,269,274		-	1,508,517	1,269,274
Support services:						
Student & instruction related services	5,997,389	5,315,899		-	5,997,389	5,315,899
District administration services	1,168,796	933,999		-	1,168,796	933,999
General & business admin services	2,910,094	2,437,219		-	2,910,094	2,437,219
Plant operations & maintenance	3,951,888	3,308,944		-	3,951,888	3,308,944
Pupil transportation	42,296	25,999		-	42,296	25,999
Capital Outlay	59,166	74,634		-	59,166	74,634
Business-type activities		-	10,954,017	11,233,013	10,954,017	11,233,013
Total expenses	<u>30,981,123</u>	<u>26,516,554</u>	<u>10,954,017</u>	<u>11,233,013</u>	<u>41,935,140</u>	<u>37,749,567</u>
(Deficiency) before Transfers	(902,835)	493,852	47,747	(123,685)	(855,088)	370,167
Transfers	(64,784)	(200,000)	64,784	200,000	-	-
Increase/(Decrease) in net position	<u>(967,619)</u>	<u>293,852</u>	<u>112,531</u>	<u>76,315</u>	<u>(855,088)</u>	<u>370,167</u>

Business-type Activities

Revenues of the District's business-type activities decreased approximately 2% when compared to the previous fiscal year while expenditures decreased 2% 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 \$6,208,505 which is \$1,176,210 lower than the beginning of the year. The change is due to the expenditure of funds for the boiler project which were recognized as revenue in the previous year and a decrease in enrollment.

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 \$2,235. This is a result of a lower student population than anticipated offset by 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 \$2,070,360. 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 2018, the District had invested \$21.4 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 \$161,098 or 1%, over last year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 636,272	636,272	73,500	73,500	709,772	709,772
Buildings and Improvement:	18,197,021	18,812,807	351,265	370,913	18,548,286	19,183,720
Machinery and Equipment	1,212,454	615,209	981,810	1,104,719	2,194,264	1,719,928
Total	<u>\$ 20,045,747</u>	<u>20,064,288</u>	<u>1,406,575</u>	<u>1,549,132</u>	<u>21,452,322</u>	<u>21,613,420</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's 2018-2019 enrollment has declined due to sending district strategies to keep students in district and to the overall population declines in Atlantic County. Although our district does not receive state aid directly, reductions in aid to the sending districts impacts our budgetary planning, particularly in light of declining enrollment. We continue to closely monitor actual enrollment numbers and make modifications to spending as needed.

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
6/30/2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 6,005,804	726,376	6,732,180
Receivables, net	196,164	2,466,980	2,663,144
Inventory		11,905	11,905
Prepaid Expenses		5,406	5,406
Due from Fiduciary Funds	10,539		10,539
Internal Balances	53,901	(53,901)	-
Capital assets not being depreciated:			
Land	636,272	73,500	709,772
Construction in Progress			-
Capital assets, net of accumulated depreciation	19,409,475	1,333,075	20,742,550
Total Assets	<u>26,312,155</u>	<u>4,563,341</u>	<u>30,875,496</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	5,432,001		5,432,001
Total Deferred Outflows of Resources	<u>5,432,001</u>	<u>-</u>	<u>5,432,001</u>
LIABILITIES			
Other payables	53,596	32,838	86,434
Intergovernmental payable	4,008		4,008
Noncurrent liabilities:			
Due within one year		-	-
Due beyond one year	352,966	195,428	548,394
Net Pension Liability	22,540,965		22,540,965
Total liabilities	<u>22,951,535</u>	<u>228,266</u>	<u>23,179,801</u>
DEFERRED INFLOW OF RESOURCES			
Unearned Revenue	299		299
Deferred Inflows Related to Pensions	8,538,852		8,538,852
Total Deferred Inflows of Resources	<u>8,539,151</u>	<u>-</u>	<u>8,539,151</u>
NET POSITION			
Invested in capital assets, net of related debt	20,045,747	1,406,575	21,452,322
Restricted for:			
Other purposes	1,089,745		1,089,745
Unrestricted	(20,882,022)	2,928,500	(17,953,522)
Total net position	<u>\$ 253,470</u>	<u>4,335,075</u>	<u>4,588,545</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, 2018

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	9,957,266	5,385,711	14,652,684	4,366,018	3,675,725		3,675,725
Other instruction	978,995	529,522		427,271	(1,081,246)		(1,081,246)
Support services:							
Student & instruction related services	3,892,178	2,105,211		1,698,695	(4,298,694)		(4,298,694)
School administrative services	758,524	410,272		331,049	(837,747)		(837,747)
General and business administrative services	1,888,589	1,021,505		824,252	(2,085,842)		(2,085,842)
Plant operations and maintenance	2,564,649	1,387,239		1,119,363	(2,832,525)		(2,832,525)
Pupil transportation	27,449	14,847		11,978	(30,318)		(30,318)
Unallocated benefits	10,854,307	(10,854,307)			-		-
Unallocated depreciation					-		-
Capital Outlay	59,166				(59,166)		(59,166)
Total governmental activities	30,981,123	-	14,652,684	8,778,626	(7,549,813)	-	(7,549,813)
Business-type activities:							
Food Service	541,655		253,516	193,405		(94,734)	(94,734)
Transportation	5,888,134		5,932,797			44,663	44,663
Instruction	4,524,228		4,622,046			97,818	97,818
Total business-type activities	10,954,017		10,808,359	193,405		47,747	47,747
Total primary government	\$ 41,935,140		25,461,043	8,972,031	(7,549,813)	47,747	(7,502,066)
General revenues:							
Taxes:							
County Appropriation					2,050,096		2,050,096
Federal and State aid not restricted					4,077,210		4,077,210
Other restricted miscellaneous revenue					120		120
County Bond Proceeds					37,848		37,848
Rents and Royalties					75,000		75,000
Miscellaneous Income					128,435		128,435
Transfers					(64,784)	64,784	-
Gain on the Disposal of Fixed Assets					94,490		94,490
Cancellation of Prior Year Payables					183,779		183,779
Total general revenues, special items, extraordinary items and transfers					6,582,194	64,784	6,646,978
Change in Net Position					(967,619)	112,531	(855,088)
Net Position—beginning					1,221,089	4,222,544	5,443,633
Net Position—ending					253,470	4,335,075	4,588,545

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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,000,498	4,307	999	6,005,804
Due from other funds	65,439			65,439
Receivables from other governments	164,962	-	-	164,962
Other Accounts Receivables	31,202			31,202
Total assets	<u>6,262,101</u>	<u>4,307</u>	<u>999</u>	<u>6,267,407</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	53,439	-	-	53,439
Intergovernmental payable	-	4,008		4,008
Unearned Revenue	-	299		299
Other Liabilities	157			157
Due to other funds			999	999
Total liabilities	<u>53,596</u>	<u>4,307</u>	<u>999</u>	<u>58,902</u>
Fund Balances:				
Committed to:				
Capital Reserve	946,561			946,561
Maintenance Reserve	658,366			658,366
Designated for subsequent years expenditures	2,164,231			2,164,231
Assigned to:				
Encumbrances	143,184		-	143,184
Unassigned:				
General fund	2,296,163			2,296,163
Capital Projects fund			-	-
Total Fund balances	<u>6,208,505</u>	<u>-</u>	<u>-</u>	<u>6,208,505</u>
Total liabilities and fund balances	<u>\$ 6,262,101</u>	<u>4,307</u>	<u>999</u>	

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. 20,045,747

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds. (25,647,816)

Some liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds. (352,966)

Net position of governmental activities \$ 253,470

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, 2018

	<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	13,927,014			13,927,014
Other tuition	548,020			548,020
Non resident fees	177,650			177,650
Rents and Royalties	75,000			75,000
Other restricted miscellaneous revenue	120			120
Miscellaneous	128,435	20,289		148,724
State sources	6,115,623		-	6,115,623
Federal sources	206,294	-		206,294
	<u>23,228,252</u>	<u>20,289</u>	<u>-</u>	<u>23,248,541</u>
Total revenues				
EXPENDITURES				
Current:				
Other special instruction	6,415,538	20,289		6,435,827
Other instruction	632,769			632,769
Support services and undistributed costs:				
Student & instruction related services	2,515,689	-		2,515,689
School administrative services	490,268			490,268
Other administrative services	411,630			411,630
Central Services	650,679			650,679
Admin Information Technology	158,371			158,371
Plant operations and maintenance	1,657,725			1,657,725
Pupil transportation	17,741			17,741
Unallocated Benefits	10,854,307			10,854,307
Capital outlay	172,600	-	584,108	756,708
Total expenditures	<u>23,977,317</u>	<u>20,289</u>	<u>584,108</u>	<u>24,581,714</u>
Excess (Deficiency) of revenues over expenditures	<u>(749,065)</u>	<u>-</u>	<u>(584,108)</u>	<u>(1,333,173)</u>
OTHER FINANCING SOURCES (USES)				
Cancellation of Prior Year Payables	183,779			183,779
County Bond Proceeds			37,848	37,848
Decrease in Capital Reserve	(94,190)			(94,190)
Transfer from Capital Reserve	94,290			94,290
Decrease in Maintenance Reserve	(2,336)			(2,336)
Transfer from Maintenance Reserve	2,356			2,356
Transfers in	55,216			55,216
Transfers out	(120,000)		-	(120,000)
Total other financing sources and uses	<u>119,115</u>		<u>37,848</u>	<u>156,963</u>
Net change in fund balances	(629,950)	-	(546,260)	(1,176,210)
Fund balance—July 1	6,838,455	-	546,260	7,384,715
Fund balance—June 30	<u>\$ 6,208,505</u>	<u>-</u>	<u>-</u>	<u>6,208,505</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, 2018

Total net change in fund balances - governmental funds (from B-2) \$ (1,176,210)

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.

	Gain on the disposal of assets	94,490	
	Depreciation expense	(810,573)	
	Capital outlays	<u>697,542</u>	(18,541)

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	897,046		
Cost of benefits earned net of employee contributions	<u>(661,500)</u>		235,546

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 (+).

(8,414)

Change in net assets of governmental activities \$ (967,619)

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities - Enterprise Funds					
	Food Service	Transportation	Itinerant/ Shared Services	County Programs	Non-Major Funds	Totals
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 80,104	71,706	478,155	93,244	3,167	726,376
Accounts receivable						
Federal	13,507					13,507
State	179					179
Other	15,724	1,764,117	573,431	100,022	-	2,453,294
Prepaid Expenses	5,406					5,406
Inventory	11,905					11,905
Total current assets	126,825	1,835,823	1,051,586	193,266	3,167	3,210,667
Noncurrent assets:						
Land and Improvements		73,500				73,500
Buildings and Improvements		575,080				575,080
Furniture, machinery & equipment	302,424	3,356,305				3,658,729
Less accumulated depreciation	(247,345)	(2,653,389)				(2,900,734)
Total noncurrent assets	55,079	1,351,496	-	-	-	1,406,575
Total assets	181,904	3,187,319	1,051,586	193,266	3,167	4,617,242
LIABILITIES						
Current liabilities:						
Accounts Payable	1,388	28,543	802	88	-	30,821
Interfund payable		-		53,901	-	53,901
Other Current Liabilities	2,017					2,017
Total current liabilities	3,405	28,543	802	53,989	-	86,739
Noncurrent Liabilities						
Compensated Absences	-	195,428				195,428
Total noncurrent liabilities	-	195,428	-	-	-	195,428
Total liabilities	3,405	223,971	802	53,989	-	282,167
NET POSITION						
Invested in capital assets net of related debt	55,079	1,351,496				1,406,575
Unrestricted	123,420	1,611,852	1,050,784	139,277	3,167	2,928,500
Total net position	\$ 178,499	2,963,348	1,050,784	139,277	3,167	4,335,075

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, 2018

Business-type Activities -
Enterprise Fund

	Food Service	Transportation	Itinerant/ Shared Services	County Programs	Non-Major Funds	Totals
Operating revenues:						
Charges for services:						
Daily sales - reimbursable programs	\$ 19,031					19,031
Daily sales - non-reimbursable programs	234,485					234,485
Transportation Fees		5,932,797				5,932,797
Fees for Service			3,905,146		-	3,905,146
County Aid Payments				716,900	-	716,900
Total operating revenues	<u>253,516</u>	<u>5,932,797</u>	<u>3,905,146</u>	<u>716,900</u>	<u>-</u>	<u>10,808,359</u>
Operating expenses:						
Cost of sales - Reimbursable Programs	106,645					106,645
Cost of sales - Nonreimbursable Programs	95,193					95,193
Salaries and wages	214,199	1,618,164	1,134,309	588,631	7,568	3,562,871
Employee Benefits	98,008	2,088,737	856,001	124,115	-	3,166,861
Other Purchased Services		12,934	1,749,539	737		1,763,210
Transportation Operations		609,045				609,045
Contracted Services		1,389,567				1,389,567
General Administrative Expenses				2,562	-	2,562
Travel				1,647	-	1,647
Materials and supplies	22,976	7,955	8,309	2,313	-	41,553
Depreciation	4,634	161,732				166,366
Transfer to County of Atlantic					48,497	48,497
Total Operating Expenses	<u>541,655</u>	<u>5,888,134</u>	<u>3,748,158</u>	<u>720,005</u>	<u>56,065</u>	<u>10,954,017</u>
Operating income/(loss)	<u>(288,139)</u>	<u>44,663</u>	<u>156,988</u>	<u>(3,105)</u>	<u>(56,065)</u>	<u>(145,658)</u>
Nonoperating revenues/(expenses):						
State sources:						
State school lunch program	2,288					2,288
Federal sources:						
National school breakfast program	59,767					59,767
National school lunch program	112,015					112,015
Food Distribution Program	19,335					19,335
Loss on Disposal of Fixed Assets						-
Total nonoperating revenues/(expenses)	<u>193,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,405</u>
Income/(Loss) before contributions & transfers	<u>(94,734)</u>	<u>44,663</u>	<u>156,988</u>	<u>(3,105)</u>	<u>(56,065)</u>	<u>47,747</u>
Transfers in						
Operating transfer in - general fund	120,000					120,000
Operating transfer out - general fund				(55,216)		(55,216)
Operating transfers in/(out) - Other				5,397	(5,397)	
Total transfers in	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>(49,819)</u>	<u>(5,397)</u>	<u>64,784</u>
Change in net position	25,266	44,663	156,988	(52,924)	(61,462)	112,531
Total net position—beginning	153,233	2,918,685	893,796	192,201	64,629	4,222,544
Total net position—ending	<u>\$ 178,499</u>	<u>2,963,348</u>	<u>1,050,784</u>	<u>139,277</u>	<u>3,167</u>	<u>4,335,075</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, 2018

Business-type Activities -
Enterprise Funds

	<u>Food Service</u>	<u>Transportation</u>	<u>Itinerant/ Shared Services</u>	<u>County Programs</u>	<u>Non-Major Funds</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 251,795	5,125,398	4,027,025	891,546	6,695	10,302,459
Payments to employees	(225,074)	(1,605,812)	(1,134,309)	(588,631)	(7,568)	(3,561,394)
Payments for benefits	(98,008)	(2,088,737)	(856,001)	(124,115)	-	(3,166,861)
Payments for suppliers	(203,787)	(2,005,811)	(1,758,102)	(7,214)	(48,497)	(4,023,411)
Net cash provided by/(used for) operating activities	<u>(275,074)</u>	<u>(574,962)</u>	<u>278,613</u>	<u>171,586</u>	<u>(49,370)</u>	<u>(449,207)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
State Sources	2,250					2,250
Federal Sources	169,345					169,345
Operating subsidies and transfers to other funds	120,000			(78,342)	(5,397)	36,261
Net cash provided by/(used for) non-capital financing activities	<u>291,595</u>	<u>-</u>	<u>-</u>	<u>(78,342)</u>	<u>(5,397)</u>	<u>207,856</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of Assets	(23,809)					(23,809)
Payment of Capital Leases						-
Net cash (used for) capital and related financing activities	<u>(23,809)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,809)</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	(7,288)	(574,962)	278,613	93,244	(54,767)	(265,160)
Balances—beginning of year	87,392	646,668	199,542	-	57,934	991,536
Balances—end of year	<u>80,104</u>	<u>71,706</u>	<u>478,155</u>	<u>93,244</u>	<u>3,167</u>	<u>726,376</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating profit/(loss)	(288,139)	44,663	156,988	(3,105)	(56,065)	(145,658)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities						
Depreciation and net amortization	4,634	161,732				166,366
Federal Commodities	19,335					19,335
(Increase)/Decrease in accounts receivable, net	(1,721)	(807,399)	121,879	174,646	6,695	(505,900)
(Increase) in prepaid expenses	(5,406)					(5,406)
Increase/(Decrease) in accounts payable	1,365	13,690	(254)	45	-	14,846
Decrease in Inventory	4,467					4,467
Increase/(Decrease) in Other Liabilities	1,266	-	-			1,266
Increase/(Decrease) in Compensated Absences	(10,875)	12,352				1,477
Total adjustments	<u>13,065</u>	<u>(619,625)</u>	<u>121,625</u>	<u>174,691</u>	<u>6,695</u>	<u>(303,549)</u>
Net cash provided by/(used for) operating activities	<u>\$ (275,074)</u>	<u>(574,962)</u>	<u>278,613</u>	<u>171,586</u>	<u>(49,370)</u>	<u>(449,207)</u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Unemployment Compensation Trust	Agency Fund	Total
ASSETS			
Cash and cash equivalents	\$ 148,802	91,644	240,446
Due from the State of New Jersey	2,756		2,756
Due from Unemployment Compensation Trust		935	935
Total assets	151,558	92,579	244,137
LIABILITIES			
Due to the State of New Jersey	11,692		11,692
Due to the General Fund		10,539	10,539
Due to the Agency Fund	935		935
Payroll Deductions Payable		18,453	18,453
Payable to student groups		63,587	63,587
Total liabilities	12,627	92,579	105,206
NET POSITION			
Held in trust for unemployment claims and other purposes	\$ 138,931		138,931

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, 2018**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
District Contributions	\$ 25,000
Employee Contributions	26,381
Total Contributions	<u>51,381</u>
Investment earnings:	
Interest	252
Net investment earnings	<u>252</u>
Total additions	<u>51,633</u>
DEDUCTIONS	
Unemployment claims	74,463
Miscellaneous	-
Total deductions	<u>74,463</u>
Change in net position	(22,830)
Net position—beginning of the year	161,761
Net position—end of the year	<u><u>\$ 138,931</u></u>

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2018**

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, 2018**

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, 2018**

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, 2018**

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, 2018**

- 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, 2018**

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, 2018**

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, 2018, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$ 9,154
Supplies	2,751
	\$ 11,905

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, 2018**

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, 2018**

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 Disables - Salaries of Teachers		95,194
Behaviorial Disables - Other Salaries for Instruction		35,818
Behaviorial Disables - Purch. Prof & Ed Services		41,702
Multiple Disabilities - Salaries of Teachers	199,388	
Multiple Disabilities - Other Salaries for Instruction	165,951	
Multiple Disabilities - Purch. Prof & Ed Services		23,957
Autism - Salaries of Teachers		69,958
Autism - Other Salaries for Instruction	78,987	
Autism - Purch. Prof & Ed Services		111,528
Preschool Disabilities - Salaries of Teachers		19,753
Preschool Disabilities - Other Salaries for Instruction		20,206
Preschool Disabilities - Purch. Prof & Ed Services		23,009
Extended School Year - Other Salaries for Instruction	30,000	
Cognitive Severe - Salaries of Teachers		87,000
Undist. Expend - Health Services - Salaries	32,929	
Undist. Expend - Speech, OT - Salaries	87,000	
Undist. Expend - School Admin - Salaries of Principals	17,900	
Undist. Expend - Custodial Svc - Salaries	20,500	
Undist. Expend - Custodial Svc - Insurance	47,050	
Undist. Expend - Care and Upkeep - Cleaning		28,768
Undist. Expend - Custodial Svc - Equipment		63,114

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2018**

formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

10. Encumbrances:

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

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

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

11. Tuition Receivable

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

12. Use of Estimates

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

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.

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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 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 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 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.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

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NOTE 2. INVESTMENTS

As of June 30, 2018, 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, 2018, \$39,735 of the District's bank balance of \$7,876,092 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 at 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 1,040,751
Interest Earnings	100
Per Res.	(392,000)
Tranferred from Capital Projects Fund	297,710
Ending Balance, June 30, 2018	\$ 946,561

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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 660,702
Interest Earnings	20
Transferred to Current Budget	(152,356)
Transferred from Current Budget	150,000
Ending balance, June 30, 2018	<u><u>\$ 658,366</u></u>

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NOTE 6. FIXED ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2018</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	1,422,719	697,542	(10,447)	2,109,814
Total at historical cost	<u>30,512,385</u>	<u>697,542</u>	<u>(10,447)</u>	<u>31,199,480</u>
Less accum depr for:				
Bldg and improve	(10,276,859)	(718,833)	103,047	(10,892,645)
Equipment	(807,510)	(91,740)	1,890	(897,360)
Total accum deprec	<u>(11,084,369)</u>	<u>(810,573)</u>	<u>104,937</u>	<u>(11,790,005)</u>
Total capital assets being depr, net of accum depr	<u>19,428,016</u>	<u>(113,031)</u>	<u>94,490</u>	<u>19,409,475</u>
Governmental activities capital assets, net	<u>20,064,288</u>	<u>(113,031)</u>	<u>94,490</u>	<u>20,045,747</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	3,634,920	22,149	1,660	3,658,729
Less accum depr for:				
Building and improve	(204,167)	(19,648)		(223,815)
Equipment	(2,530,201)	(146,718)		(2,676,919)
Business-type activities capital assets, net	<u>\$ 1,549,132</u>	<u>(144,217)</u>	<u>1,660</u>	<u>1,406,575</u>

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Depreciation expense is charged to governmental functions as follows:

Other special instruction	\$	402,192
Other instruction		39,543
Student & instruction related services		157,212
School administrative expenses		30,638
General and business administration		76,283
Plant operations and maintenance		103,596
Pupil Transportation		1,109
		\$ 810,573

NOTE 7. GENERAL LONG-TERM DEBT

Governmental Activities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Issued	Retired	Balance June 30, 2018	Amounts Due Within One Year
Net Pension Liability	\$ 32,926,482		10,385,517	22,540,965	
Compensated Absences Payable	344,552	19,889	11,475	352,966	
Total	\$ 33,271,034	19,889	10,396,992	22,893,931	-

Business Type Activities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Issued	Retired	Balance June 30, 2018	Amounts Due Within One Year
Compensated Absences Payable	193,951	23,638	22,161	195,428	
	\$ 193,951	23,638	22,161	195,428	-

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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 7.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 23.85% and the PERS rate is 13.37% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2018, 2017 and 2016 were \$1,039,669, \$837,839 and \$613,928 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, 2018, 2017 and 2016 were \$901,025, \$940,703, and \$1,000,350. respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2018, 2017 and 2016, the State of New Jersey contributed \$671,500, \$698,111, and \$731,018, 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 \$533,2346, \$518,584, and \$521,921, 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 30 employees enrolled in the DCRP for the year ended June 30, 2018.

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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, 2018, the District reported a liability of \$22,540,965 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the District's proportion was 0.096832101%, which was a decrease of 12.90% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$661,500. At June 30, 2018, 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	\$ 530,762	
Changes of assumptions	4,541,228	4,524,579
Differences between expected and actual earnings	153,489	
Changes in proportion	206,522	4,014,273
District Contributions subsequent to the measurement date	897,046	
Total	\$ 6,329,047	8,538,852

\$897,046 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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,	
2019	\$ (2,471,729)
2020	(3,591,055)
2021	(2,133,072)
2022	2,851,795
2023	2,237,210
Total	\$ (3,106,851)

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Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

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 2013 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, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.50%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2017, 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 (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 27,043,716	22,540,965	18,794,475

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, 2018, 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		50,222,271
Total	\$	50,222,271

The net pension liability was measured as of June 30, 2017 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, 2017, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$2,642,714 and revenue of \$2,642,714 for support provided by the State. At June 30, 2018, the deferred outflows of resources and deferred inflows of resources attributable to the District related to TPAF from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience	\$ 328,577	85,945
Changes of assumptions	9,965,150	8,703,778
Net difference between projected and actual earnings on pension plan investments	254,381	
Changes in proportion and differences between District contributions and proportionate share of contributions		3,157,090
District contributions subsequent to the measurement date	<u>836,431</u>	
Total	<u>\$ 11,384,539</u>	<u>11,946,813</u>

\$836,431 reported as deferred inflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>		
2019	\$	(438,660)
2020		(696,586)
2021		(582,443)
2022		(326,564)
2023		(370,231)
Thereafter		1,015,779
Total	<u>\$</u>	<u>(1,398,705)</u>

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Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.25%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging market equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%

Discount rate. The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 contributed 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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 4.25% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.25%) or 1-percentage point higher (5.25%) than the current rate:

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	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
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. OTHER POST-RETIREMENT BENEFITS

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

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, 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 School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 53, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

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Employees covered by benefit terms:

At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportional share percentage determined under paragraphs 193 and 203 through 205 of GASBS no. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

Actuarial assumptions and other imputes:

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate: The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The discount rate used for the fiscal year ending June 30, 2017 is 3.58%.

Health Care Trend: For pre-Medicare PPO medical benefits, the initial amount is 5.9% and decreases to 5.0% long term trend rate after 9 years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after 9 years. For prescription drug benefits, the initial trend rate is 10/5% decreasing to a 5.0% long-term trend rate after 8years. For Medicare Part-B reimbursement, the trend rate is 5.0%.

Salary Scale: The salary scale assumptions will be consistent with the salary scale assumptions used in the pension plans and the calculation of the retiree

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health contributions for current and future retirees who are subject to Chapter 78. The PERS and TPAF pension actuarial reports are used for the fiscal year ending June 30, 2018.

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates were based on the following:

Pre-retirement Healthy Mortality: RP-2014 headcount-weighted healthy employee male/female mortality table with fully generational mortality improvement projections from the central year using scale MP-2017.

Post-retirement Healthy Mortality: RP-2014 headcount-weighted healthy annuitant male/female mortality table with fully generational improvement projections from the central year using scale MP-2017.

Disabled Mortality: RP-2014 headcount-weighted disabled male/female mortality table with fully generational improvement projections from the central year using scale MP-2017

Changes in the Total OPEB liability reported by the State of New Jersey:

Balance at 6/30/16	\$ 57,831,784,184.00
Changes for the year:	
Service cost	2,391,878,884.00
Interest	1,699,441,736.00
Changes in assumptions or other inputs	(7,086,599,129.00)
Contributions: Member	45,748,749.00
Benefit payments	<u>(1,242,412,566.00)</u>
Net changes	<u>(4,191,942,326.00)</u>
Balance at 6/30/17	<u><u>\$ 53,639,841,858.00</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017.

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Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the State for school board retirees, as well as what the state's total OPEB liability for school boards would be if it were calculated using a discount rate that 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability (School Retirees)	63,674,362,200.00	53,639,841,858.00	45,680,364,953.00

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The following presents the total OPEB liability of the State, as well as what the State's total OPB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	44,113,584,560.00	53,639,841,858.00	66,290,599,457.00

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

For the year ended June 30, 2018, the board of education recognized OPEB expense of \$4,542,416 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	
Changes of assumptions		6,343,769,032.00
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	1,190,373,242.00	
Total	\$ 1,190,373,242.00	6,343,769,032.00

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2019	\$ (742,830,097.00)
2020	(742,830,097.00)
2021	(742,830,097.00)
2022	(742,830,097.00)
2023	(742,830,097.00)
Thereafter	(2,629,618,547.00)
Total	\$ (6,343,769,032.00)

(Contributions made after June 30, 2017 are reported as deferred outflow of resources but are not amortized in the expense.)

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

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, the district shall pay the employee for unused sick leave in accordance with the

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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 Position. 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. 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

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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>
2017-2018 \$	25,000	26,381	252	74,463	138,931
2016-2017	25,000	28,708	243	49,123	161,761
2015-2016	30,000	31,149	318	111,797	156,933

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 65,439	
Capital Projects Fund		999
County Programs Fund		53,901
Payroll Agency Fund		10,539
Total	<u>\$ 65,439</u>	<u>65,439</u>

All interfunds are created as a result of timing differences between cash requirements in various funds and the receipt of cash from funding agencies and to subsidize operating revenue in food service. During the 2018 fiscal year, the general fund made a permanent interfund transfer in the amount of \$120,000 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 15 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.

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NOTE 16. FUND BALANCE APPROPRIATED

General Fund - Of the \$6,208,505 General Fund balance at June 30, 2018, \$2,164,231 has been appropriated and included as anticipated revenue for the year ending June 30, 2019; \$946,561 has been reserved for future capital activity; \$658,366 has been reserved for future maintenance activity; \$143,184 has been reserved for encumbrances; and \$2,296,163 is unreserved and undesignated.

NOTE 17. SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 23, 2019, 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
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 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

	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	14,034,578		14,034,578	13,927,014	(107,564)
Other Tuition	583,000		583,000	548,020	(34,980)
Non-Resident Fees	177,480		177,480	177,650	170
Rents and Royalties	75,000		75,000	75,000	-
Interest Earned on Capital Reserve Funds	100		100	100	-
Interest Earned on Maintenance Reserve Funds	20		20	20	-
Miscellaneous	40,120		40,120	128,435	88,315
Total - Local Sources	16,960,394	-	16,960,394	16,906,335	(54,059)
State Sources:					
On-behalf OFEB - GASB 75 (non-budgeted)				3,870,916	3,870,916
Reimbursed TPAF Social Security Contributions (non-budgeted)				533,246	533,246
On-behalf TPAF Post Retirement Contributions (non-budgeted)				671,500	671,500
On-behalf TPAF LTDI (non-budgeted)				292	292
On-behalf TPAF Pension Contributions (non-budgeted)				1,039,669	1,039,669
Total - State Sources	-	-	-	6,115,623	6,115,623
Federal Sources:					
Medical Assistance Program	150,000		150,000	206,294	56,294
Total - Federal Sources	150,000	-	150,000	206,294	56,294
Total Revenues	17,110,394	-	17,110,394	23,228,252	6,117,858

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Current Expense:					
Behavioral Disabilities					
Salaries of Teachers	297,627	95,194	392,821	380,267	12,554
Other Salaries for Instruction	106,092	35,818	141,910	95,353	46,557
Purchased Professional-Educational Services		41,702	41,702	33,228	8,474
General Supplies	1,900	-	1,900	1,893	7
Textbooks	1,025	-	1,025	-	1,025
Other Objects	250	-	250	240	10
Total Behavioral Disabilities	406,894	172,714	579,608	510,981	68,627
Multiple Disabilities					
Salaries of Teachers	2,437,219	(199,388)	2,237,831	2,069,392	168,439
Other Salaries for Instruction	1,434,157	(165,951)	1,268,206	1,211,591	56,615
Purchased Professional-Educational Services	7,600	23,957	31,557	17,537	14,020
Other Purchased Services	75	-	75	29	46
General Supplies	97,050	-	97,050	79,591	17,459
Textbooks	13,140	-	13,140	525	12,615
Other Objects	4,385	-	4,385	300	4,085
Total Multiple Disabilities	3,993,626	(341,382)	3,652,244	3,378,965	273,279
Autism					
Salaries of Teachers	654,346	69,958	724,304	706,940	17,364
Other Salaries for Instruction	366,215	(78,987)	287,228	276,366	10,862
Purchased Professional-Educational Services	32,000	111,528	143,528	117,455	26,073
General Supplies	2,300	500	2,800	1,527	1,273
Other Objects	2,000	2,700	4,700	4,564	136
Total Autism	1,056,861	105,699	1,162,560	1,106,852	55,708
Preschool Disabilities - Full-Time					
Salaries of Teachers	218,266	19,753	238,019	220,089	17,930
Other Salaries for Instruction	107,206	20,206	127,412	121,392	6,020
Purchased Professional-Educational Services		23,009	23,009	21,656	1,353
General Supplies	2,410	-	2,410	1,738	672
Other Objects	400	-	400	54	346
Total Preschool Disabilities - Full-Time	328,282	62,968	391,250	364,929	26,321

Atlantic County Special Services School District
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Extended School Year					
Salaries of Teachers	203,200	10,900	214,100	184,899	29,201
Other Salaries for Instruction	116,000	(30,000)	86,000	71,568	14,432
Purchased Professional-Educational Services	17,200	(10,900)	6,300	1,050	5,250
Other Purchased Services	100	-	100	-	100
General Supplies	4,000	-	4,000	1,664	2,336
Other Objects	20,500	-	20,500	15,963	4,537
Total Extended School Year	361,000	(30,000)	331,000	275,144	55,856
Cognitive - Severe					
Salaries of Teachers	324,112	87,000	411,112	408,149	2,963
Other Salaries for Instruction	219,987	(14,279)	205,708	141,720	63,988
Purchased Professional-Educational Services	218,800	14,279	233,079	227,843	5,236
General Supplies	2,750	-	2,750	955	1,795
Total Cognitive - Severe	765,649	87,000	852,649	778,667	73,982
Total Special Education - Instruction	6,912,312	56,999	6,969,311	6,415,538	553,773
Other Instructional Programs - Instruction					
Salaries	666,602	-	666,602	629,014	37,588
Supplies and Materials	15,237	-	15,237	3,755	11,482
Total Other Instructional Programs - Instruction	681,839	-	681,839	632,769	49,070
Total Instruction	7,594,151	56,999	7,651,150	7,048,307	602,843
Undistributed Expenditures - Health Services:					
Salaries	291,752	(32,929)	258,823	244,942	13,881
Purchased Professional and Technical Services	21,9207	-	21,9207	161,875	57,332
Other Purchased Services	4,300	(2,459)	1,841	1,841	-
Supplies and Materials	6,103	-	6,103	4,642	1,461
Other Objects	1,500	-	1,500	344	1,156
Total Undistributed Expenditures - Health Services	522,862	(35,388)	487,474	413,644	73,830

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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	1,355,349	(87,000)	1,268,349	1,261,536	6,813
Purchased Professional and Educational Services	2,500	(495)	2,005	-	2,005
Other Purchased Services		495	495	495	-
Supplies and Materials	10,410	(2,300)	8,110	5,252	2,858
Total Undistributed Expenditures - Other Support Services -	1,368,259	(89,300)	1,278,959	1,267,283	11,676
Students - Speech, OT, PT & Related Services:					
Undistributed Expenditures - Other Support Services -					
Students - Child Study Team:					
Salaries of Other Professional Staff	652,069	9,603	661,672	661,442	230
Salaries of Secretarial and Clerical Assistants	54,711	-	54,711	54,711	-
Other Salaries	100,657	-	100,657	100,657	-
Other Purchased Services	2,700	3,432	6,132	5,973	159
Supplies and Materials	7,915	(3,932)	3,983	3,710	273
Other Objects	500	(88)	412	-	412
Total Undistributed Expenditures - Other Support Services -	818,552	9,015	827,567	826,493	1,074
Students - Child Study Team:					
Undistributed Expenditures - Improvement of Instructional Serv.					
Other Salaries	8,500	-	8,500	2,204	6,296
Total Undistributed Expenditures - Improvement of Instructional Serv.	8,500	-	8,500	2,204	6,296
Undistributed Expenditures - Educational Media Serv./Sch. Library					
Salaries	4,400	-	4,400	-	4,400
Purchased Professional and Technical Services	2,500	-	2,500	-	2,500
Other Purchased Services	600	-	600	-	600
Supplies and Materials	2,000	-	2,000	-	2,000
Total Undistributed Expenditures - Edu. Media Serv/Sch Library	9,500	-	9,500	-	9,500
Undistributed Expenditures - Instructional Staff Training Services					
Purchased Professional - Educational Services	27,500	-	27,500	5,068	22,432
Other Purchased Services	3,055	-	3,055	867	2,188
Supplies and Materials	300	-	300	130	170
Total Undistributed Expenditures - Instructional Staff Training Services	30,855	-	30,855	6,065	24,790

Atlantic County Special Services School District
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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	198,051	(5,000)	193,051	192,161	890
Legal Services	42,389	15,000	57,389	50,850	6,539
Audit Fees	30,000	-	30,000	30,000	-
Architectural/Engineering Services	3,500	3,500	7,000	-	7,000
Other Purchased Professional Services	13,500	(5,900)	7,600	7,567	33
Communications/Telephone	41,600	(3,908)	37,692	31,500	6,192
Board of Education Other Purchased Services	2,000	(2,000)	-	-	-
Other Purchased Services	65,467	8,808	74,275	73,713	562
General Supplies	7,926	(1,400)	6,526	6,231	295
BOE In-House Training/Meeting Supplies	2,500	830	3,330	1,680	1,650
Miscellaneous Expenditures	5,475	3,295	8,770	8,381	389
BOE Membership Dues and Fees	8,500	1,175	9,675	9,547	128
Total Undistributed Expenditures - Support Services - Gen. Admin.	420,908	14,400	435,308	411,630	23,678
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	235,300	(17,900)	217,400	203,522	13,878
Salaries of Secretarial and Clerical Assistants	225,019	-	225,019	225,019	-
Other Purchased Services	51,105	9,884	60,989	54,589	6,400
Supplies and Materials	10,000	(3,546)	6,454	2,928	3,526
Other Objects	4,620	1,100	5,720	4,210	1,510
Total Undistributed Expenditures - Support Serv. - School Admin.	526,044	(10,462)	515,582	490,268	25,314
Undistributed Expenditures - Central Services					
Salaries	597,084	3,538	600,622	590,497	10,125
Purchased Professional Services	40,200	16,800	57,000	46,985	10,015
Miscellaneous Purchased Services	12,000	(4,480)	7,520	7,161	359
Supplies and Materials	12,000	(6,038)	5,962	4,128	1,834
Miscellaneous Expenses	2,790	-	2,790	1,908	882
Total Undistributed Expenditures - Central Services	664,074	9,820	673,894	650,679	23,215
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	110,300	-	110,300	89,111	21,189
Purchased Technical Services	21,650	-	21,650	17,980	3,670
Other Purchased Services	250	-	250	-	250
Supplies and Materials	54,500	(1,500)	53,000	49,748	3,252
Other Objects	1,300	1,500	2,800	1,532	1,268
Total Undistributed Expenditures - Admin. Info. Tech.	188,000	-	188,000	158,371	29,629

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, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Required Maintenance for School Facilities of Plant Services:					
Salaries	259,709	-	259,709	225,480	34,229
Cleaning, Repair and Maintenance Services	186,198	-	186,198	143,899	42,299
General Supplies	116,994	(4,975)	112,019	102,451	9,568
Other Objects	2,500	(622)	1,878	1,878	-
Total Undistributed Expenditures - Required Maintenance for School Facilities	565,401	(5,597)	559,804	473,708	86,096
Undistributed Expenditures - Custodial Services:					
Salaries	425,798	(20,500)	405,298	384,886	20,412
Purchased Professional and Technical Services	7,500	(4,089)	3,411	3,411	-
Cleaning, Repair, and Maintenance Services	16,000	4,486	20,486	17,433	3,053
Other Purchased Property Services	23,000	(950)	22,050	22,009	41
Insurance	82,500	(47,050)	35,450	34,756	694
General Supplies	58,038	1,008	59,046	58,736	310
Energy (Natural Gas)	120,000	2,000	122,000	121,779	221
Energy (Electricity)	335,000	9,500	344,500	344,042	458
Energy (Gasoline)	1,200	3,000	4,200	1,794	2,406
Total Undistributed Expenditures - Custodial Services	1,069,036	(52,595)	1,016,441	988,846	27,595
Undistributed Expenditures - Care & Upkeep of Grounds					
Purchased Professional and Technical Services	3,400	(3,400)	-	-	-
Cleaning, Repair, and Maintenance Services	38,100	28,768	66,868	23,932	42,936
General Supplies	11,460	(1,574)	9,886	8,657	1,229
Total Undistributed Expenditures - Care & Upkeep of Grounds	52,960	23,794	76,754	32,589	44,165
Undistributed Expenditures - Security					
Salaries	111,260	11,200	122,460	115,447	7,013
Purchased Professional and Technical Services	40,189	-	40,189	40,188	1
General Supplies	5,000	3,000	8,000	6,927	1,073
Total Undistributed Expenditures - Security	156,449	14,200	170,649	162,562	8,087
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other than Between Home and School) - Vendors	39,415	-	39,415	17,741	21,674
Total Undistributed Expenditures - Student Transportation Serv.	39,415	-	39,415	17,741	21,674

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, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Unallocated Benefits:					
Social Security Contributions	360,000	-	360,000	344,717	15,283
Other Retirement Contributions - PERS	620,000	-	620,000	600,104	19,896
Other Retirement Contributions - DCRP	2,500	200	2,700	824	1,876
Unemployment Compensation	25,000	-	25,000	25,000	-
Worker's Compensation	332,000	(11,060)	320,940	209,196	111,744
Health Benefits	3,979,250	(200)	3,979,050	3,513,766	465,284
Tuition Reimbursement	40,000	-	40,000	7,172	32,828
Other Employee Benefits	13,000	-	13,000	8,385	4,615
Unused Sick Payment to Terminated/Retired Staff	37,584	-	37,584	29,520	8,064
Total Unallocated Benefits	5,409,334	(11,060)	5,398,274	4,738,684	659,590
On-behalf OPEB - GASB 75 (non-budgeted)				3,870,916	(3,870,916)
Reimbursed TPAF Social Security Contributions (non-budgeted)				533,246	(533,246)
On-behalf TPAF Post Retirement Contributions (non-budgeted)				671,500	(671,500)
On-behalf TPAF LTDI (non-budgeted)				292	(292)
On-behalf TPAF Pension Contributions (non-budgeted)				1,039,669	(1,039,669)
Total On-behalf Contributions	-	-	-	6,115,623	(6,115,623)
Total Undistributed Expenditures	11,850,149	(133,173)	11,716,976	16,756,390	(5,039,414)
Interest Earned on Maintenance Reserve	20	-	20	20	-
Total Current Expense	19,444,320	(76,174)	19,368,146	23,804,717	(4,436,571)
Capital Outlay:					
Interest Earned on Capital Reserve	100	-	100	100	-
Equipment:					
Multiple Disabilities	20,814	(6,000)	14,814	14,814	-
Undistributed Expenditures:					
Instruction	5,940	(5,940)	-	-	-
Support Services - Speech, OT, PT & Related Services	2,300	2,300	2,300	2,300	-
Central Services	22,700	22,700	22,700	22,149	551
Admin Info Tech	2,500	-	2,500	2,415	85
Custodial Services	34,000	63,114	97,114	57,033	40,081
Care and Upkeep of Grounds	32,380	-	32,380	30,419	1,961
Total Equipment	95,734	76,174	171,908	129,230	42,678

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, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	25,000	-	25,000	8,571	16,429
Construction Services	367,000	-	367,000	34,799	332,201
Total Facilities Acquisition and Construction Services	392,000	-	392,000	43,370	348,630
Total Capital Outlay	487,734	76,174	563,908	172,600	391,308

Total Expenditures

Excess (Deficiency) of Revenues Over (Under) Expenditures

	19,932,054	-	19,932,054	23,977,317	(4,045,263)
	(2,821,660)	-	(2,821,660)	(749,065)	2,072,595

Other Financing Sources (Uses):

Cancellation of Prior Year Payables
 Decrease in Capital Reserve
 Transfer from Capital Reserve
 Decrease in Maintenance Reserve
 Transfer from Maintenance Reserve
 Operating Transfers In:
 Operating Transfers Out:
 Transfer to Food Service Fund - Board Contribution

				183,779	183,779
				(94,190)	(94,190)
				94,290	94,290
				(2,336)	(2,336)
				2,356	2,356
				55,216	55,216
	(120,000)	-	(120,000)	(120,000)	-

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses

	(2,941,660)	-	(2,941,660)	(629,950)	2,311,710
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Fund Balances, July 1

	6,838,455	-	6,838,455	6,838,455	-
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Fund Balances, June 30

\$	3,896,795	-	3,896,795	6,208,505	2,311,710
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Reconciliation of Fund Balance:

Committed Fund Balance:

Capital Reserve
 Maintenance Reserve
 Designated for Subsequent Year's Expenditures

				946,561	
				658,366	
				2,164,231	

Assigned Fund Balance:

Reserve for Encumbrances

				143,184	
--	--	--	--	---------	--

Unassigned Fund Balance

				2,296,163	
				6,208,505	

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

				-	
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Fund Balance per Governmental Funds (GAAP)

				6,208,505	
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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, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources		22,308	22,308	20,588	(1,720)
Total - Local Sources	-	22,308	22,308	20,588	(1,720)
Total Revenues	-	22,308	22,308	20,588	(1,720)

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, 2018

	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)		1,050	1,050	1,050	-
General Supplies		18,258	18,258	16,538	1,720
Total instruction	-	22,308	22,308	20,588	1,720
Facilities acquisition and construction services:					
Non-instructional Equipment		-	-	-	-
Total facilities acquisition and construction services	-	-	-	-	-
Total expenditures	-	22,308	22,308	20,588	1,720
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, 2018

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	\$ 23,228,252	20,588
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			(299)
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.			
<hr/>			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	23,228,252	20,289
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-2	23,977,317	20,588
Differences - budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes			
Prior year			
Current year			(299)
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.			
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$ 23,977,317	20,289

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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 Five Fiscal Years

	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0968321010%	0.1111737820%	0.1163600000%	0.1250800000%	0.1220000000%
District's proportionate of the net pension liability (asset)	\$ 22,540,965	\$ 32,926,485	\$ 26,119,602	\$ 23,417,955	\$ 23,359,742
District's covered payroll	\$ 5,975,866	\$ 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	377.20%	481.85%	373.73%	268.58%	269.24%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	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 five 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 Five Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	897,046	987,652	1,000,350	\$ 1,000,872	\$ 908,418
Contributions in relation to the contractually required contribution	<u>897,046</u>	<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>	<u>\$ -</u>
District's covered-employee payroll	5,975,866	6,833,374	6,988,957	\$ 8,719,053	\$ 8,676,108
Contributions as a percentage of covered-employee payroll	15.01%	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 five 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 Five Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.066279%	0.06628%	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>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>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	7,115,052	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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	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 five 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 OPEB Liability
Public Employee Retirement System and Teachers' Pension and Annuity Fund
Last Two Fiscal Years

	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	-
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 89,009,148</u>	<u>96,530,933</u>
Total	<u>\$ 89,009,148</u>	<u>96,530,933</u>
District's covered payroll	5,975,866	13,913,567
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

Source: GASB 75 report on State of New Jersey State Health Benefits Program; District records

Note: This schedule is required by GASB 75 to be show information for a 10 year period.
However, information is only currently available for two years.
Additional years will be presented as they become available.

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, 2018

	Education Foundation Grant	Total 2018
REVENUES:		
State Sources	-	-
Federal Sources	-	-
Local Sources	\$ 20,588	20,588
Total revenues	20,588	20,588
EXPENDITURES:		
Instruction:		
Salaries of teachers	3,000	3,000
Other purchased services	1,050	1,050
General supplies	16,538	16,538
Total instruction	20,588	20,588
Facilities acquisition and const. serv.:		
Noninstructional equipment	-	-
Total facilities acquisition and construction services	-	-
Total expenditures	\$ 20,588	20,588

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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, 2018

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP		Unexpended Appropriations 6/30/2018
			Prior Years	Expenditures to Date Current Year	
Boiler Project	9/26/2017	\$ 666,748	82,640	584,108	-
Totals		\$ 666,748	82,640	584,108	-

**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, 2018**

**Revenue and Other Financing
 Sources**

County Bond Proceeds	\$ 37,848
Total revenues	37,848

**Expenditures and Other Financing
 Uses**

Purchased professional and technical services	7,425
Construction Services	576,683
Total expenditures	584,108
Excess (deficiency) of revenues over (under) expenditures	(546,260)
Fund balance- beginning	546,260
Fund balance - ending	\$ -

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, 2018

	Prior Periods	Current Period	Totals	Revised Authorized Cost	
Revenue and Other Financing Sources					
County Bond Proceeds	\$ 628,900	37,848	666,748	666,748	
Total revenues	<u>628,900</u>	<u>37,848</u>	<u>666,748</u>	<u>666,748</u>	
Expenditures and Other Financing Uses					
Purchased Prof & Tech Services	41,970	7,425	49,395	49,395	-
Construction Services	40,670	576,683	617,353	617,353	-
Total expenditures	<u>82,640</u>	<u>584,108</u>	<u>666,748</u>	<u>666,748</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 546,260</u>	<u>(546,260)</u>	<u>-</u>	<u>-</u>	
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	100%				
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, 2018

	School to Careers	State Programs	Total Non-major Funds
ASSETS:			
Cash and cash equivalents	\$ 3,167	-	3,167
Total Current Assets	<u>3,167</u>	<u>-</u>	<u>3,167</u>
Total assets	<u><u>3,167</u></u>	<u><u>-</u></u>	<u><u>3,167</u></u>
LIABILITIES AND FUND EQUITY:			
Current liabilities:			
Accounts payable		-	-
Interfund payable			-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Unrestricted	3,167	-	3,167
Total net position	<u>3,167</u>	<u>-</u>	<u>3,167</u>
Total liabilities and fund equity	<u><u>\$ 3,167</u></u>	<u><u>-</u></u>	<u><u>3,167</u></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, 2018

	Business-type Activities - Enterprise Fund		
	School to Careers	State Programs	Total Non-major Funds
Operating revenues:			
Charges for services:			
Fee for Service			-
County Aid Payments			-
Total operating revenues	-	-	-
Operating expenses:			
Salaries	7,568		7,568
Transfer to County of Atlantic		48,497	48,497
Total Operating Expenses	7,568	48,497	56,065
Operating income (loss)	(7,568)	(48,497)	(56,065)
Income (loss) before contributions & transfers	(7,568)	(48,497)	(56,065)
Capital contributions			-
Transfers in (out)	(5,397)		(5,397)
Change in net position	(12,965)	(48,497)	(61,462)
Total net position—beginning	16,132	48,497	64,629
Total net position—ending	\$ 3,167	-	3,167

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, 2018

Business-type Activities -
Enterprise Funds

	<u>School to Careers</u>	<u>State Programs</u>	<u>Total Non-major Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 6,695		6,695
Payments for salaries	(7,568)		(7,568)
Other costs		(48,497)	(48,497)
Net cash provided by/(used for) operating activities	<u>(873)</u>	<u>(48,497)</u>	<u>(49,370)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating subsidies and transfers from/(to) other funds	<u>(5,397)</u>		<u>(5,397)</u>
Net cash provided by/(used for) non-capital financing activities	<u>(5,397)</u>	<u>-</u>	<u>(5,397)</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	<u>(6,270)</u>	<u>(48,497)</u>	<u>(54,767)</u>
Balances—beginning of year	<u>9,437</u>	<u>48,497</u>	<u>57,934</u>
Balances—end of year	<u>3,167</u>	<u>-</u>	<u>3,167</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(7,568)	(48,497)	(56,065)
Adjustments to reconcile operating income (loss) to net cash provided by/(used for) operating activities			
(Increase)/Decrease in accounts receivable, net	<u>6,695</u>	<u>-</u>	<u>6,695</u>
Total adjustments	<u>6,695</u>	<u>-</u>	<u>6,695</u>
Net cash provided by (used for) operating activities	<u>\$ (873)</u>	<u>(48,497)</u>	<u>(49,370)</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, 2018

	Trust Funds	Agency		
	Expendable Unemployment	Student Activity	Payroll	Totals
ASSETS:				
Cash and cash equivalents	\$ 148,802	63,587	28,057	240,446
Due from the State of New Jersey	2,756			2,756
Due from Unemployment Trust Fund			935	935
Total Assets	<u>151,558</u>	<u>63,587</u>	<u>28,992</u>	<u>244,137</u>
LIABILITIES AND EQUITY:				
Liabilities:				
Due to State of New Jersey	11,692			11,692
Due to General Fund			10,539	10,539
Due to Payroll Agency Fund	935			935
Payroll Deductions Payable			18,453	18,453
Due to Student Groups		63,587		63,587
Total Liabilities	<u>12,627</u>	<u>63,587</u>	<u>28,992</u>	<u>105,206</u>
Equity:				
Net Position				
Reserved -				
Expendable Trust	138,931			138,931
Total equity	<u>138,931</u>	<u>-</u>	<u>-</u>	<u>138,931</u>
Total liabilities and equity	<u>\$ 151,558</u>	<u>63,587</u>	<u>28,992</u>	<u>244,137</u>

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Expendable Trust Funds
Combining Statement of Revenues, Expenditures
and Changes in Net Position
Year Ending June 30, 2018

	<u>Unemployment Trust</u>	<u>Total Expendable Trust</u>
ADDITIONS		
Local sources:		
Interest on investments	\$ 252	252
District contributions	25,000	25,000
Employee withholdings	26,381	26,381
	<u>51,633</u>	<u>51,633</u>
Total additions	<u>51,633</u>	<u>51,633</u>
DEDUCTIONS		
Payments of unemployment claims	<u>74,463</u>	<u>74,463</u>
Total operating expenses	<u>74,463</u>	<u>74,463</u>
Change in net position	<u>(22,830)</u>	<u>(22,830)</u>
Net Position, July 1	<u>161,761</u>	<u>156,933</u>
Net Position, June 30	<u><u>\$ 138,931</u></u>	<u><u>134,103</u></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, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and cash equivalents	\$ 59,930	92,699	89,042	63,587
Total assets	<u>59,930</u>	<u>92,699</u>	<u>89,042</u>	<u>63,587</u>
LIABILITIES:				
Due to Student groups	59,930	92,699	89,042	63,587
Total liabilities	<u>\$ 59,930</u>	<u>92,699</u>	<u>89,042</u>	<u>63,587</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, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and cash equivalents	\$ 17,870	7,001,322	6,991,135	28,057
Due from Unemployment Trust	-	935		935
Total assets	<u>17,870</u>	<u>7,002,257</u>	<u>6,991,135</u>	<u>28,992</u>
LIABILITIES:				
Due to General Fund	5,000	6,191	652	10,539
Payroll deductions and withholdings	12,870	6,996,066	6,990,483	18,453
Total liabilities	<u>\$ 17,870</u>	<u>7,002,257</u>	<u>6,991,135</u>	<u>28,992</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets, net of related debt	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	20,045,747
Restricted	189,785	282,157	220,876	351,949	431,660	502,986	510,492	1,024,333	1,661,682	1,089,745
Unrestricted	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)	(20,882,022)
Total governmental activities net position	<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>	<u>253,470</u>
Business-type activities										
Invested in capital assets, net of related debt	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	1,406,575
Restricted										
Unrestricted	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	2,928,500
Total business-type activities net position (as restated)	<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>	<u>4,335,075</u>
District-wide										
Invested in capital assets, net of related debt	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	21,452,322
Restricted	189,785	282,157	220,876	351,949	431,660	502,986	510,492	1,024,333	1,661,682	1,089,745
Unrestricted	7,436,541	6,711,196	6,332,333	5,424,216	4,443,469	3,740,275	(19,518,011)	(18,537,644)	(17,831,469)	(17,953,522)
Total district net position (as restated)	<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>	<u>4,588,545</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Other special education	\$ 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	15,342,977
Other instruction	997,651	1,087,259	1,103,773	1,151,081	769,477	761,457	855,485	840,012	1,269,274	1,508,517
Support Services:										
Student & instruction related services	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	5,997,389
General administrative services	1,433,617	1,497,142	1,090,686	899,144	604,907	631,216	672,983	590,498	933,999	1,166,796
School administrative services	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	2,910,094
Plant operations and maintenance	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	3,951,888
Pupil transportation	51,088	61,297	56,145	44,453	38,272	27,389	29,214	19,583	25,989	42,296
Unallocated Benefits										
Capital Outlay	232	2,067	-	32,246					74,634	59,166
Unallocated Depreciation										
Total governmental activities expenses	20,930,614	21,608,123	21,450,513	21,518,629	21,541,985	22,714,234	24,673,670	23,374,955	26,516,554	30,981,123
Business-type activities:										
Food service	663,687	669,690	673,023	718,931	681,858	709,251	695,013	585,800	598,363	541,655
Transportation	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	5,888,134
Teachers Aide Services	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	4,468,163
Other	928,638	751,589	762,658	616,396					14,243	56,065
Total business-type activities expense	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	10,954,017
Total district expenses	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	41,935,140
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	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	14,652,684
Operating grants and contributions	261,085	251,596	9,783	46,464	1,763,872	1,555,966	3,673,677	3,637,239	4,888,197	8,778,626
Total governmental activities program revenues	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	23,431,310
Business-type activities:										
Charges for services										
Food service	266,283	251,918	257,233	251,792	273,208	249,915	238,480	244,334	254,708	253,516
Transportation	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	5,932,797
Teachers Aide Services	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	4,622,046
Other	784,983	764,303	748,014	523,252					27,075	-
Operating grants and contributions	235,763	231,675	215,087	208,704	195,504	231,665	228,814	217,241	211,657	193,405
Total business type activities program revenues	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	11,001,764
Total district program revenues	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	34,433,074
Net (Expense)/Revenue										
Governmental activities	(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)	(7,549,813)
Business-type activities	305,984	(815,004)	(1,013,551)	(1,42,523)	(421,489)	(634,769)	165,654	(365,646)	(129,156)	47,747
Total district-wide net expense	(1,522,517)	(4,650,440)	(4,717,882)	(5,174,308)	(3,154,064)	(4,281,979)	(3,533,568)	(1,853,614)	(4,069,054)	(7,502,066)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	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	2,050,096
Federal & State Aid - not restricted	1,219,541	1,293,710	1,316,694	1,623,163	215,658	116,233	610,235	215,447	1,582,346	4,077,210

**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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Miscellaneous income	85,904	79,491	145,046	108,554	432,343	223,087	161,438	170,365	155,767	128,555
Rents and Royalties	(117,503)	(128,078)	(74,340)	(215,544)	(139,126)	(133,000)	(305,976)	(250,000)	(200,000)	(64,784)
Transfers										
Contributed Services	7,114	185	6,809	7,739	803	12,133	60,582		16,641	183,779
Cancellation of Prior Year Payables	(1,039)									
Loss on the Disposal of Fixed Assets										
Gain on the Disposal of Fixed Assets										
Adjustment to Fixed Assets										
County Bond Proceeds		60,503							628,900	94,490
Receivable Cancelled										
Total governmental activities	3,174,017	3,285,811	3,374,409	3,523,712	2,549,474	2,268,549	(57,373)	2,185,908	4,233,750	6,582,194
Business-type activities:										
Miscellaneous income	36,841	5,722	1,768	779						
Transfers	117,503	128,078	74,340	215,544	139,126	133,000	305,976	250,000	200,000	64,784
Cancellation of Prior Year Payables					2,608		62,101		9,641	-
Adjustment to Capital Assets					296,824					
Loss on Disposal of Fixed Assets									(4,170)	-
Total business-type activities	154,344	133,800	76,108	216,323	438,558	133,000	368,077	250,000	205,471	64,784
Total district-wide	3,328,361	3,419,611	3,450,517	3,740,035	2,988,032	2,401,549	2,887,079	2,435,908	4,439,221	6,646,978
Change in Net Position										
Governmental activities	1,345,516	(549,625)	(329,922)	(1,508,073)	(183,101)	(1,378,661)	(1,180,220)	697,940	293,852	(967,619)
Business-type activities	460,328	(681,204)	(937,443)	73,800	17,069	(501,769)	533,731	(115,646)	76,315	112,531
Total district	\$ 1,805,844	(1,230,829)	(1,267,365)	(1,434,273)	(166,032)	(1,880,430)	(646,489)	582,294	370,167	(855,088)

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Committed										
Assigned				45,879	1,040,663	1,013,012		31,721	3,995,442	3,769,158
Unassigned			2,564,614	2,562,486	2,293,645	1,804,831	2,405,779	3,653,911	75,671	143,184
Reserved	\$ 189,785	282,157	2,165,853	1,365,844	431,660	309,691	489,731	1,024,333	2,767,342	2,296,163
Unreserved	3,947,903	4,021,913								
Total general fund	<u>4,137,688</u>	<u>4,304,070</u>	<u>2,165,853</u>	<u>3,974,209</u>	<u>3,765,968</u>	<u>3,127,534</u>	<u>2,895,510</u>	<u>4,709,965</u>	<u>6,838,455</u>	<u>6,208,505</u>
All Other Governmental Funds										
Assigned, reported in:										
Capital projects fund									545,260	-
Unreserved, reported in:										
Capital projects fund	5,302	-	98,922	-	-	193,295	20,761	-	1,000	-
Total all other governmental funds	<u>\$ 5,302</u>	<u>-</u>	<u>98,922</u>	<u>-</u>	<u>-</u>	<u>193,295</u>	<u>20,761</u>	<u>-</u>	<u>546,260</u>	<u>-</u>

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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
County Appropriation	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	2,050,096
Tuition charges	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	14,475,034
Interest Earnings	232	2,067	187	769	7,631	5,189	1,315	751	120	120
Rents & Royalties										75,000
Miscellaneous	262,735	217,815	243,367	251,526	441,731	227,935	194,428	171,096	360,093	326,374
State sources	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	6,115,623
Federal sources	139,929	195,204	150,059	150,324	208,639	111,326	473,389	201,036	362,503	206,294
Total revenue	22,387,558	21,125,888	21,188,122	20,218,361	21,497,207	21,456,440	21,837,039	22,553,435	22,360,416	23,248,541
Expenditures										
Instruction										
Other special instruction	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	6,435,827
Other instruction	714,247	764,925	766,366	783,403	769,477	761,457	855,485	840,012	627,238	632,769
Support Services:										
Student & instruction related services	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	2,515,689
General administrative services	357,009	399,463	369,917	611,940	604,907	631,216	672,983	590,498	384,566	411,630
School Administrative services	694,900	642,141	757,282	357,719	407,138	411,047	450,136	514,285	461,555	490,268
Business administrative services	669,359	688,275	742,340	753,063	682,752	704,881	724,858	723,472	819,836	809,050
Plant operations and maintenance	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	1,657,725
Pupil transportation	36,576	43,125	38,981	30,253	38,272	27,389	29,214	19,583	12,848	17,741
Unallocated employee benefits	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	10,854,307
Capital outlay	95,050	84,389	68,106	255,189	88,611	17,162	247,561	108,708	145,002	756,708
Total expenditures	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	24,581,714
Excess (Deficiency) of revenues over (under) expenditures	2,158,003	288,973	592,850	(647,375)	(69,918)	(324,272)	(101,791)	2,043,694	2,229,209	(1,333,173)
Other Financing sources (uses)										
Contributed Services										
Cancellation of Prior Year Payables	7,114	185	6,809	7,739	803	12,133	60,582	16,641	183,779	183,779
County Bond Proceeds									628,900	37,848
Increase in Capital Reserve	100,000	156,749	75,000	75,000	75,000	75,000	392,100	392,100	(94,190)	(94,190)
Transfer to Capital Reserve	(100,000)	(100,000)	(75,000)	(75,000)	(75,000)				(392,100)	94,290
Transfer from Emergency Reserve		(56,749)								
Decrease in Maintenance Reserve										(2,336)
Transfer from Maintenance Reserve										2,356
Transfers in				9,425						55,216
Transfers out	(117,503)	(128,078)	(119,414)	(224,969)	(139,126)	(133,000)	(305,976)	(250,000)	(200,000)	(120,000)
Appropriations Cancelled							(57,373)			
Total other financing sources (uses)	(110,389)	(127,893)	(67,531)	(207,805)	(138,323)	(120,867)	(302,767)	(250,000)	445,541	156,963
Net change in fund balances	2,047,614	161,080	525,319	(855,180)	(208,241)	(445,139)	(404,558)	1,793,694	2,674,750	(1,176,210)
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	Rent	Shared Services	Miscellaneous	Total
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
2018	10,775	177,650	75,000	76,055	41,725	381,205

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	10	10	10	10	10	10	10	10	12	7
Special Education instruction	57	57	57	59	61	59	59	49	50	46
Other special education instruction	141	154	145	140	135	142	142	142	94	55
Other instruction	5	6	5	4	5	4	4	4	2	-
Nonpublic school programs	3	3	4	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	44	48	43	45	45	43	43	31	32	31
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	10	10	9	8	8	8	8	7	7	6
Business administrative services	11	12	13	12	12	12	12	12	12	11
Plant operations and maintenance	17	16	17	18	14	16	16	16	16	17
Pupil transportation	126	122	130	141	135	132	132	114	83	76
Food Service	9	9	9	9	9	8	8	6	6	5
Total	435	449	444	448	436	436	436	393	316	256

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				
2009	500	20,760,250	41,521	5.60%	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%	90.12%
2015	406	21,727,341	53,516	5.98%	69	6:1	6:1	6:5:1	406	381	-5.82%	89.80%
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%
2018	345	23,825,006	69,058	28.19%	53	6:1	6:1	6:5:1	348	308	-4.66%	88.51%

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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	500	499	457	438	439	431	406	390	371	345
<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, 2018
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)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Mays Landing Campus	N/A	\$ 473,708	453,382	481,470	427,027	465,837	484,235	470,205	637,223	609,620	629,165
Grand Total		<u>\$ 473,708</u>	<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>

Atlantic County Special Services School District
Insurance Schedule
June 30, 2018
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Property, Inland Marine & Automobile Physical Damage Limit of Liability - per occurrence	93,644,049	5,000
Extra Expense	50,000,000	
Loss of Rents	115,000	
Loss of Business Income/Tuition	3,500,000	
Valuable Papers	10,000,000	
Public Official Bonds School Business Administrator	75,000	500
Comprehensive General Liability Coverage Limit	31,000,000	
Electronic Data Processing	3,000,000	1,000
Package Policy Crime Coverage	1,000,000	1,000
Board Member Accident Limit of Liability Aggregate	100,000 500,000	
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	1,000
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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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, 2018, 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 January 23, 2019.

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

January 23, 2019



FORD - SCOTT

& ASSOCIATES, L.L.C.

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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, 2018. 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, 2018.

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

January 23, 2019

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, 2018

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, 2017	Carryover Amount	Cash Received	Budgetary Expenditures		Total	(NETO) Passed Through to Sub-Recipients	Adjustment	Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue	Due to Grantor
									Pass Through	Direct							
U. S. Department of Agriculture																	
Passed-through State Department of Education:																	
Enterprise Fund:																	
National School Lunch Program	10.555	171NJ304N099	N/A	7/1/17 - 6/30/18	19,335			19,335	(19,335)		(19,335)						
School Breakfast Program	10.553	171NJ304N099	N/A	7/1/17 - 6/30/18	59,767		55,016	(59,767)	(59,767)						(4,751)		
National School Lunch Program	10.555	171NJ304N099	N/A	7/1/16 - 6/30/17	65,451	(3,534)	3,934										
National School Lunch Program	10.555	171NJ304N099	N/A	7/1/17 - 6/30/18	112,015		103,289	(112,015)			(112,015)				(8,726)		
National School Lunch Program	10.555	171NJ304N099	N/A	7/1/16 - 6/30/17	117,629	(7,136)	7,136										
Total U.S. Department of Agriculture					188,680	(11,070)	188,680	(191,117)			(191,117)				(13,507)		
U.S. Department of Education																	
Passed-through State Department of Education:																	
General Fund:																	
Special Education Medicaid Aid	93.778	1706NJ5MAP	N/A	7/1/17 - 6/30/18	206,294		206,294		(206,294)		(206,294)						
Total General Fund					206,294		206,294		(206,294)		(206,294)						
Total Federal Financial Awards					\$ (1,670)		\$ 864,974		\$ (867,411)		\$ (867,411)				\$ (13,507)		

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, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017			Balance at June 30, 2018			MEMO		
				Deferred Revenue (Accts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor at	Budgetary Receivable	Cumulative Total Expenditures
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	17-495-034-5095-003	7/1/16-6/30/17	518,584	(25,691)	25,691	-	-	-	-	-	-	518,584
Reimbursed TPAF Social Security Contributions	18-495-034-5095-003	7/1/17-6/30/18	533,246		507,049	(533,246)						533,246
On-Behalf TPAF Pension Contributions	18-495-034-5095-001	7/1/17-6/30/18	1,711,461		1,711,461	(1,711,461)						1,711,461
On-Behalf GASB 75 Contributions	18-495-034-5095-001	7/1/17-6/30/18	3,870,916		3,870,916	(3,870,916)						1,711,461
Total General Fund				(28,839)	-	6,118,265	(6,115,623)	(26,197)	-	-	-	2,766,439
State Department of Agriculture												
Enterprise Fund:												
National School Lunch Program (State Share)	18-100-010-3350-023	7/1/17-6/30/18	2,288		2,109	(2,288)		(179)				2,288
National School Lunch Program (State Share)	17-100-010-3350-023	7/1/16-6/30/17	2,353	(141)	141							2,353
Total State Financial Assistance				(141)	-	2,250	(2,288)	(179)	-	-	-	4,641
				(28,980)	-	6,120,515	(6,117,911)	(26,376)	-	-	-	2,771,080
Less: On-Behalf GASB 75 Contributions: (3,870,916)												
Less: On-Behalf TPAF Pension Contributions: (1,711,461)												
<u>(535,534)</u>												

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, 2018**

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 \$0 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, 2018**

	General fund	Food service fund	Total
State Assistance:			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 6,115,623	2,288	6,117,911
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 State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 6,115,623</u>	<u>2,288</u>	<u>6,117,911</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, 2018**

	General Fund	Food Service Fund	Total
Federal Assistance:			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 206,294	191,117	397,411
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	\$ 206,294	191,117	397,411

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, 2018. 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, 2018.

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, 2018

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, 2018**

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>18-495-034-5095-002</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, 2018**

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