

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, 2019

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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

November 22, 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, 2019, 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 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,

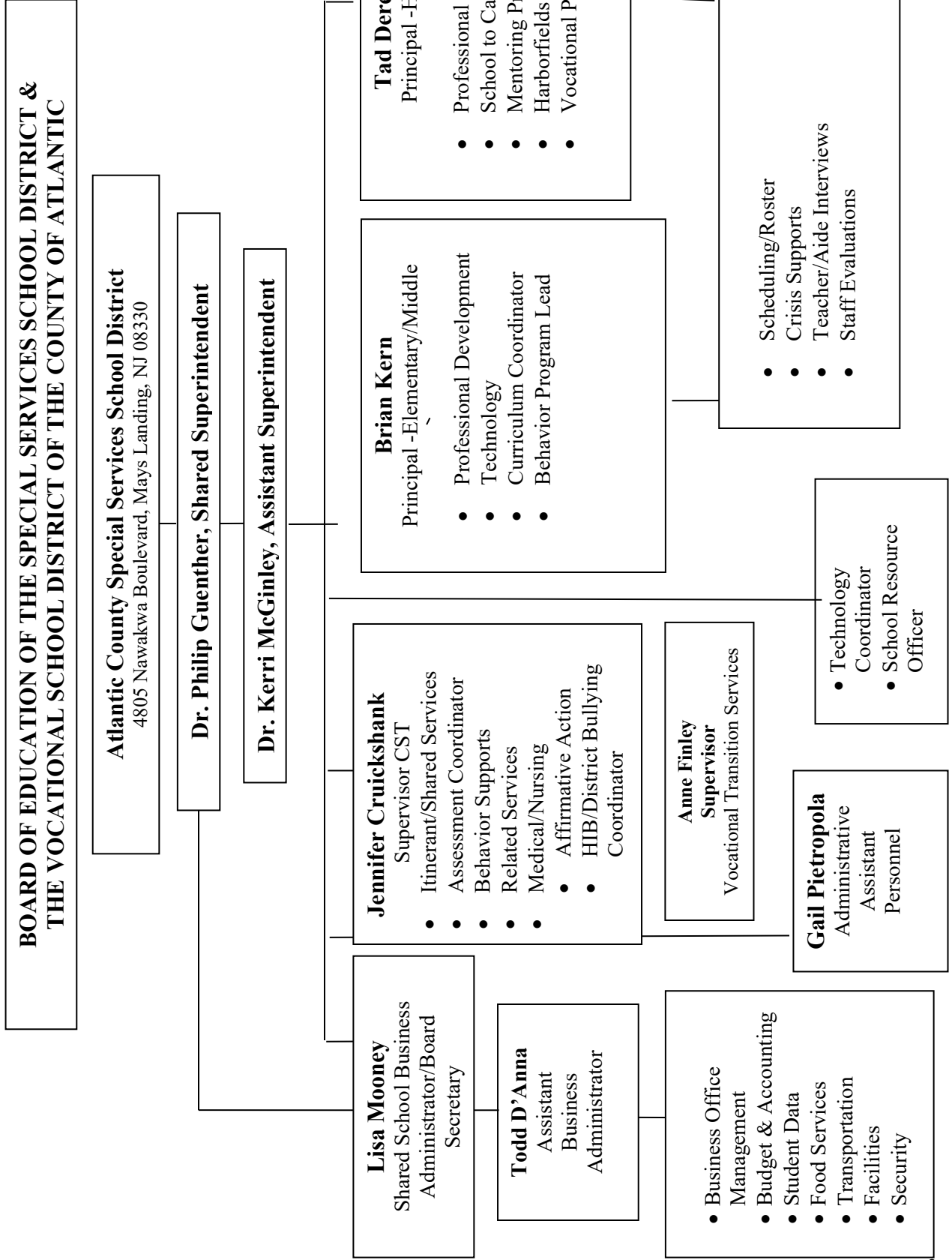
Philip J. Guenther

Philip J. Guenther, Ed.D.
Superintendent

Lisa Mooney

Lisa Mooney, CPA
Business Administrator/
Board Secretary

ORGANIZATIONAL CHART 2019/2020
Effective July 1, 2019



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

MAYS LANDING, NEW JERSEY

ROSTER OF OFFICIALS
June 30, 2019

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Philip S. Munafo, President	2020
Augustus Harmon, Vice President	2022
Marilyn Gallagher	2022
Dr. Norman Hirschfeld	2021
Mark W. Ludwick	2020
Roy Foster	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**

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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, 2019, 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, 2019, 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 November 22, 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

November 22, 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, 2019. 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 \$318,000 due to depreciation expense and a decrease in enrollment.
- The State of New Jersey reimbursed the District \$512,090 during the fiscal year ended June 30, 2019 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. The State also contributed \$5,458,882 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, 2019, the District's governmental activities expenditures were approximately \$767,000 more than total revenues. During the prior fiscal year, expenditures exceeded revenues by approximately \$967,000.
- In the District's business-type activities, net position increased \$449,000 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.
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Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of 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 2019 and 2018 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.

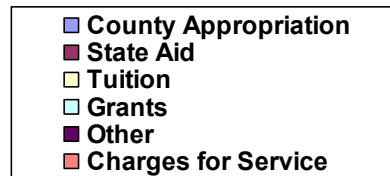
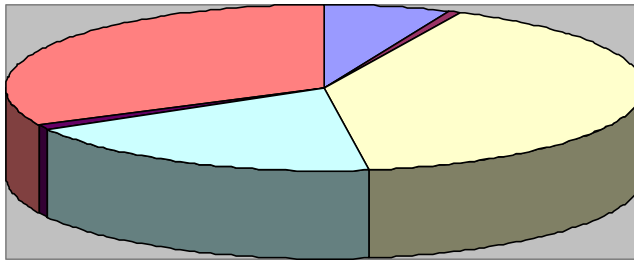
	Governmental Activities		Business-type Activities	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 5,064,377	6,266,408	3,781,869	3,156,766
Capital assets	19,081,151	20,045,747	1,213,518	1,406,575
Total assets	<u>24,145,528</u>	<u>26,312,155</u>	<u>4,995,387</u>	<u>4,563,341</u>
Deferred Outflows of Resources	3,187,035	5,432,001		
Total deferred outflows of resources	<u>3,187,035</u>	<u>5,432,001</u>	<u>-</u>	<u>-</u>
Long-term liabilities	16,977,093	22,893,931	204,276	195,428
Other liabilities	75,056	57,604	6,863	32,838
Total liabilities	<u>17,052,149</u>	<u>22,951,535</u>	<u>211,139</u>	<u>228,266</u>
Deferred Inflows of Resources	10,793,757	8,539,151		
Total deferred inflows of resources	<u>10,793,757</u>	<u>8,539,151</u>	<u>-</u>	<u>-</u>
Net position				
Invested in capital assets	19,081,151	20,045,747	1,213,518	1,406,575
Restricted	1,036,574	1,089,745		
Unrestricted	(20,631,068)	(20,882,022)	3,570,730	2,928,500
Total net position	<u>\$ (513,343)</u>	<u>253,470</u>	<u>4,784,248</u>	<u>4,335,075</u>

Changes in net position. The total revenue of the District decreased approximately \$8,430,000 due to changes in the assumptions related to the State funding of pension plans.

Approximately 41% 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.

	2019		2018	
	Amount	Percentage	Amount	Percentage
County Appropriation	\$ 2,050,096	6.28%	\$ 2,050,096	5.02%
Unrestricted State aid	213,882	0.66%	4,077,210	9.99%
Tuition	13,329,154	40.82%	14,652,684	35.91%
Charges for Services	10,608,734	32.49%	10,808,359	26.49%
Operating Grants and Contributions	6,205,187	19.01%	8,972,031	21.99%
Other	243,179	0.74%	241,403	0.59%
Totals	\$ 32,650,232	100.00%	40,801,783	100.00%

2019 Revenue



Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2019 and 2018 fiscal years.

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program revenue						
Charges for services	13,329,154	14,652,684	10,608,734	10,808,359	23,937,888	25,461,043
Operating Grants	6,026,617	8,778,626	178,570	193,405	6,205,187	8,972,031
General revenues						
County Appropriation	2,050,096	2,050,096			2,050,096	2,050,096
State aid entitlements	213,882	4,077,210			213,882	4,077,210
Other	255,431	519,672			255,431	519,672
Total revenues	<u>21,875,180</u>	<u>30,078,288</u>	<u>10,787,304</u>	<u>11,001,764</u>	<u>32,662,484</u>	<u>41,080,052</u>
Expenses						
Instruction:						
Other special instruction	11,186,765	15,342,977	-	-	11,186,765	15,342,977
Other instruction	716,677	1,508,517	-	-	716,677	1,508,517
Support services:						
Student & instruction related services	4,638,765	5,997,389	-	-	4,638,765	5,997,389
District administration services	866,764	1,168,796	-	-	866,764	1,168,796
General & business admin services	2,145,912	2,910,094	-	-	2,145,912	2,910,094
Plant operations & maintenance	3,029,622	3,951,888	-	-	3,029,622	3,951,888
Pupil transportation	52,037	42,296	-	-	52,037	42,296
Capital Outlay	5,451	59,166	-	-	5,451	59,166
Business-type activities		-	10,338,131	10,954,017	10,338,131	10,954,017
Total expenses	<u>22,641,993</u>	<u>30,981,123</u>	<u>10,338,131</u>	<u>10,954,017</u>	<u>32,980,124</u>	<u>41,935,140</u>
(Deficiency) before Transfers	(766,813)	(902,835)	449,173	47,747	(317,640)	(855,088)
Transfers	-	(64,784)	-	64,784	-	-
Increase/(Decrease) in net position	<u>(766,813)</u>	<u>(967,619)</u>	<u>449,173</u>	<u>112,531</u>	<u>(317,640)</u>	<u>(855,088)</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 6% over the past fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$4,989,321 which is \$1,219,184 lower than the beginning of the year. The change is due to 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 budgeted revenue exceeded the actual revenues by \$1,090,404. 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 \$2,492,276. The most significant variances occurred in the area of health benefits. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the District had invested \$20.3 million (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, vehicles and machinery. This amount represents a net decrease (including additions and deductions) of \$1,157,653 or 5%, over last year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 636,272	636,272	73,500	73,500	709,772	709,772
Buildings and Improvement:	17,310,591	18,197,021	348,379	351,265	17,658,970	18,548,286
Machinery and Equipment	1,134,288	1,212,454	791,639	981,810	1,925,927	2,194,264
Total	<u>\$ 19,081,151</u>	<u>20,045,747</u>	<u>1,213,518</u>	<u>1,406,575</u>	<u>20,294,669</u>	<u>21,452,322</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 2019-2020 enrollment continues to decline. Measures were taken when compiling the 2019-2020 budget to better project enrollment to prevent revenue deficits. The district's enrollment is currently slightly above the budgeted enrollment. 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. Certified tuition rates are beginning to increase resulting in an increase to tuition rates in some of the programs in the 2019-2020 budget. We continue to closely monitor actual enrollment numbers and make modifications to spending as needed. Due to the 2018-2019 revenue deficit and declining enrollment, the district's fund balance position has declined which will impact the budgeting strategies for the 2020-2021 budget.

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
6/30/2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,864,227	1,538,772	6,402,999
Receivables, net	119,628	2,291,983	2,411,611
Inventory		25,015	25,015
Due from Fiduciary Funds	6,621		6,621
Internal Balances	73,901	(73,901)	-
Capital assets not being depreciated:			
Land	636,272	73,500	709,772
Capital assets, net of accumulated depreciation	18,444,879	1,140,018	19,584,897
Total Assets	<u>24,145,528</u>	<u>4,995,387</u>	<u>29,140,915</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	3,187,035		3,187,035
Total Deferred Outflows of Resources	<u>3,187,035</u>	<u>-</u>	<u>3,187,035</u>
LIABILITIES			
Other payables	23,172	6,863	30,035
Intergovernmental payable	51,884		51,884
Noncurrent liabilities:			
Due within one year		-	-
Due beyond one year	305,377	204,276	509,653
Net Pension Liability	16,671,716		16,671,716
Total liabilities	<u>17,052,149</u>	<u>211,139</u>	<u>17,263,288</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	10,793,757		10,793,757
Total Deferred Inflows of Resources	<u>10,793,757</u>	<u>-</u>	<u>10,793,757</u>
NET POSITION			
Invested in capital assets, net of related debt	19,081,151	1,213,518	20,294,669
Restricted for:			
Other purposes	1,036,574		1,036,574
Unrestricted	(20,631,068)	3,570,730	(17,060,338)
Total net position	<u>\$ (513,343)</u>	<u>4,784,248</u>	<u>4,270,905</u>

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Activities
For the Year Ended June 30, 2019**

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	7,670,509	3,516,256	13,329,154	3,006,428	5,148,817	5,148,817		5,148,817
Other instruction	491,409	225,268		189,042	(527,635)	(527,635)		(527,635)
Support services:								
Student & instruction related services	3,180,695	1,458,070		1,223,588	(3,415,177)	(3,415,177)		(3,415,177)
School administrative services	594,320	272,444		228,630	(638,134)	(638,134)		(638,134)
General and business administrative services	1,471,403	674,509		566,036	(1,579,876)	(1,579,876)		(1,579,876)
Plant operations and maintenance	2,077,305	952,317		799,169	(2,230,453)	(2,230,453)		(2,230,453)
Pupil transportation	35,681	16,356		13,724	(38,313)	(38,313)		(38,313)
Unallocated benefits	7,115,220	(7,115,220)			-	-		-
Capital Outlay	5,451				(5,451)	(5,451)		(5,451)
Total governmental activities	22,641,993	-	13,329,154	6,026,617	(3,286,222)	(3,286,222)		(3,286,222)
Business-type activities:								
Food Service	485,191		213,267	178,570			(93,354)	(93,354)
Transportation	5,381,802		5,670,735				288,933	288,933
Instruction	4,458,886		4,724,732				265,846	265,846
Total business-type activities	10,325,879		10,608,734	178,570			461,425	461,425
Total primary government	\$ 32,967,872		23,937,888	6,205,187	(3,286,222)	(3,286,222)	461,425	(2,824,797)
General revenues:								
Taxes:								
County Appropriation					2,050,096	2,050,096		2,050,096
Federal and State aid not restricted					213,882	213,882		213,882
Other restricted miscellaneous revenue					120	120		120
Rents and Royalties					96,800	96,800		96,800
Miscellaneous Income					151,217	151,217		151,217
Gain on the Disposal of Fixed Assets					21,055	21,055		21,055
Loss on Disposal of Fixed Assets					(13,761)	(13,761)		(13,761)
Refund of Prior Year's Revenue								
Total general revenues, special items, extraordinary items and transfers					2,519,409	2,519,409	(12,252)	2,507,157
Change in Net Position					(766,813)	(766,813)	449,173	(317,640)
Net Position—beginning					253,470	253,470	4,335,075	4,588,545
Net Position—ending					(513,343)	(513,343)	4,784,248	4,270,905

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, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 4,859,631	4,596	4,864,227
Due from other funds	80,941		80,941
Receivables from other governments	118,147	-	118,147
Other Accounts Receivables	1,481		1,481
Total assets	<u>5,060,200</u>	<u>4,596</u>	<u>5,064,796</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	22,622	-	22,622
Intergovernmental payable	47,288	4,596	51,884
Other Liabilities	550		550
Due to other funds	419		419
Total liabilities	<u>70,879</u>	<u>4,596</u>	<u>75,475</u>
Fund Balances:			
Committed to:			
Capital Reserve	809,709		809,709
Maintenance Reserve	552,471		552,471
Designated for subsequent years expenditures	1,843,790		1,843,790
Assigned to:			
Encumbrances	226,865		226,865
Unassigned:			
General fund	1,556,486		1,556,486
Capital Projects fund			-
Total Fund balances	<u>4,989,321</u>	<u>-</u>	<u>4,989,321</u>
Total liabilities and fund balances	<u>\$ 5,060,200</u>	<u>4,596</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.			19,081,151
Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds.			(24,278,438)
Some liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.			<u>(305,377)</u>
Net position of governmental activities			<u>\$ (513,343)</u>

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, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
County Appropriation	\$ 2,050,096		2,050,096
Tuition - from LEAs	12,610,174		12,610,174
Other tuition	522,060		522,060
Non resident fees	196,920		196,920
Rents and Royalties	96,800		96,800
Other restricted miscellaneous revenue	120		120
Miscellaneous	151,217	55,645	206,862
State sources	2,576,673		2,576,673
Federal sources	213,882	-	213,882
	<u>18,417,942</u>	<u>55,645</u>	<u>18,473,587</u>
EXPENDITURES			
Current:			
Other special instruction	6,116,403	9,492	6,125,895
Other instruction	392,454		392,454
Support services and undistributed costs:			
Student & instruction related services	2,540,197	-	2,540,197
School administrative services	474,642		474,642
Other administrative services	388,851		388,851
Central Services	646,424		646,424
Admin Information Technology	139,830		139,830
Plant operations and maintenance	1,659,093		1,659,093
Pupil transportation	28,496		28,496
Unallocated Benefits	7,115,220		7,115,220
Capital outlay	121,875	46,153	168,028
Total expenditures	<u>19,623,485</u>	<u>55,645</u>	<u>19,679,130</u>
Excess (Deficiency) of revenues over expenditures	<u>(1,205,543)</u>	<u>-</u>	<u>(1,205,543)</u>
OTHER FINANCING SOURCES (USES)			
Refund of Prior Year's Revenue	(13,761)		(13,761)
Decrease in Capital Reserve	(150,000)		(150,000)
Transfer from Capital Reserve	150,100		150,100
Decrease in Maintenance Reserve	(150,000)		(150,000)
Transfer from Maintenance Reserve	150,020		150,020
Total other financing sources and uses	<u>(13,641)</u>		<u>(13,641)</u>
Net change in fund balances	(1,219,184)	-	(1,219,184)
Fund balance—July 1	6,208,505	-	6,208,505
Fund balance—June 30	<u>\$ 4,989,321</u>	<u>-</u>	<u>4,989,321</u>

See Accompanying Notes to the Financial Statements

**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, 2019**

Total net change in fund balances - governmental funds (from B-2) \$ (1,219,184)

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	21,055	
	Depreciation expense	(1,148,228)	
	Capital outlays	162,577	(964,596)

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	842,224		
Cost of benefits earned net of employee contributions	527,154		1,369,378

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 (+).

47,589

Change in net assets of governmental activities \$ (766,813)

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities -					Totals
	Enterprise Funds					
	Food Service	Transportation	Itinerant/ Shared Services	County Programs	Non-Major Funds	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 5,802	837,969	603,431	91,570	-	1,538,772
Accounts receivable						
Federal	12,086					12,086
State	158					158
Other	16,918	1,444,847	734,429	83,545	-	2,279,739
Inventory	25,015					25,015
Total current assets	<u>59,979</u>	<u>2,282,816</u>	<u>1,337,860</u>	<u>175,115</u>	<u>-</u>	<u>3,855,770</u>
Noncurrent assets:						
Land and Improvements		73,500				73,500
Buildings and Improvements		575,080				575,080
Furniture, machinery & equipment	302,424	3,259,292				3,561,716
Less accumulated depreciation	(252,598)	(2,744,180)				(2,996,778)
Total noncurrent assets	<u>49,826</u>	<u>1,163,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,213,518</u>
Total assets	<u>109,805</u>	<u>3,446,508</u>	<u>1,337,860</u>	<u>175,115</u>	<u>-</u>	<u>5,069,288</u>
LIABILITIES						
Current liabilities:						
Accounts Payable	-	2,203	-	-	-	2,203
Interfund payable	20,000	-		53,901	-	73,901
Other Current Liabilities	4,660					4,660
Total current liabilities	<u>24,660</u>	<u>2,203</u>	<u>-</u>	<u>53,901</u>	<u>-</u>	<u>80,764</u>
Noncurrent Liabilities						
Compensated Absences	-	204,276				204,276
Total noncurrent liabilities	<u>-</u>	<u>204,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,276</u>
Total liabilities	<u>24,660</u>	<u>206,479</u>	<u>-</u>	<u>53,901</u>	<u>-</u>	<u>285,040</u>
NET POSITION						
Invested in capital assets net of related debt	49,826	1,163,692				1,213,518
Unrestricted	35,319	2,076,337	1,337,860	121,214	-	3,570,730
Total net position	<u>\$ 85,145</u>	<u>3,240,029</u>	<u>1,337,860</u>	<u>121,214</u>	<u>-</u>	<u>4,784,248</u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

Business-type Activities -
Enterprise Fund

	<u>Food Service</u>	<u>Transportation</u>	<u>Itinerant/ Shared Services</u>	<u>County Programs</u>	<u>Non-Major Funds</u>	<u>Totals</u>
Operating revenues:						
Charges for services:						
Daily sales - reimbursable programs	\$ 11,185					11,185
Daily sales - non-reimbursable programs	202,082					202,082
Transportation Fees		5,670,735				5,670,735
Fees for Service			4,250,872		-	4,250,872
County Aid Payments				473,860	-	473,860
Total operating revenues	<u>213,267</u>	<u>5,670,735</u>	<u>4,250,872</u>	<u>473,860</u>	<u>-</u>	<u>10,608,734</u>
Operating expenses:						
Cost of sales - Reimbursable Programs	95,291					95,291
Cost of sales - Nonreimbursable Programs	82,877					82,877
Salaries and wages	174,530	1,554,710	1,190,996	391,735	3,167	3,315,138
Employee Benefits	100,390	1,891,991	829,861	95,295	-	2,917,537
Other Purchased Services	21,419	18,292	1,931,655	1,000		1,972,366
Transportation Operations		494,185				494,185
Contracted Services		1,242,233				1,242,233
Travel				1,500	-	1,500
Materials and supplies	5,431	4,839	11,284	2,393	-	23,947
Depreciation	5,253	175,552				180,805
Total Operating Expenses	<u>485,191</u>	<u>5,381,802</u>	<u>3,963,796</u>	<u>491,923</u>	<u>3,167</u>	<u>10,325,879</u>
Operating income/(loss)	<u>(271,924)</u>	<u>288,933</u>	<u>287,076</u>	<u>(18,063)</u>	<u>(3,167)</u>	<u>282,855</u>
Nonoperating revenues/(expenses):						
State sources:						
State school lunch program	2,060					2,060
Federal sources:						
National school breakfast program	56,772					56,772
National school lunch program	101,392					101,392
Food Distribution Program	18,346					18,346
Loss on Disposal of Fixed Assets		(12,252)				(12,252)
Total nonoperating revenues/(expenses)	<u>178,570</u>	<u>(12,252)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,318</u>
Income/(Loss) before contributions & transfers	<u>(93,354)</u>	<u>276,681</u>	<u>287,076</u>	<u>(18,063)</u>	<u>(3,167)</u>	<u>449,173</u>
Transfers in						
Operating transfer in - general fund						-
Operating transfer out - general fund						-
Operating transfers in/(out) - Other					-	-
Total transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(93,354)</u>	<u>276,681</u>	<u>287,076</u>	<u>(18,063)</u>	<u>(3,167)</u>	<u>449,173</u>
Total net position—beginning	<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>
Total net position—ending	<u>\$ 85,145</u>	<u>3,240,029</u>	<u>1,337,860</u>	<u>121,214</u>	<u>-</u>	<u>4,784,248</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, 2019

Business-type Activities -
Enterprise Funds

	Food Service	Transportation	Itinerant/ Shared Services	County Programs	Non-Major Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 212,073	5,990,005	4,089,874	490,337	-	10,782,289
Payments to employees	(174,530)	(1,545,862)	(1,190,996)	(391,735)	(3,167)	(3,306,290)
Payments for benefits	(100,390)	(1,891,991)	(829,861)	(95,295)	-	(2,917,537)
Payments for suppliers	(193,121)	(1,785,889)	(1,943,741)	(4,981)	-	(3,927,732)
Net cash provided by/(used for) operating activities	<u>(255,968)</u>	<u>766,263</u>	<u>125,276</u>	<u>(1,674)</u>	<u>(3,167)</u>	<u>630,730</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
State Sources	2,081					2,081
Federal Sources	159,585					159,585
Operating subsidies and transfers to other funds	20,000			-	-	20,000
Net cash provided by/(used for) non-capital financing activities	<u>181,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,666</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of Assets						-
Payment of Capital Leases						-
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends						-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(74,302)	766,263	125,276	(1,674)	(3,167)	812,396
Balances—beginning of year	80,104	71,706	478,155	93,244	3,167	726,376
Balances—end of year	<u>5,802</u>	<u>837,969</u>	<u>603,431</u>	<u>91,570</u>	<u>-</u>	<u>1,538,772</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating profit/(loss)	(271,924)	288,933	287,076	(18,063)	(3,167)	282,855
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities						
Depreciation and net amortization	5,253	175,552				180,805
Federal Commodities	18,346					18,346
(Increase)/Decrease in accounts receivable, net	(1,194)	319,270	(160,998)	16,477	-	173,555
(Increase) in prepaid expenses	5,406					5,406
Increase/(Decrease) in accounts payable	(1,388)	(26,340)	(802)	(88)	-	(28,618)
(Increase)/Decrease in Inventory	(13,110)					(13,110)
Increase/(Decrease) in Other Liabilities	2,643	-	-			2,643
Increase/(Decrease) in Compensated Absences	-	8,848				8,848
Total adjustments	<u>15,956</u>	<u>477,330</u>	<u>(161,800)</u>	<u>16,389</u>	<u>-</u>	<u>347,875</u>
Net cash provided by/(used for) operating activities	<u>\$ (255,968)</u>	<u>766,263</u>	<u>125,276</u>	<u>(1,674)</u>	<u>(3,167)</u>	<u>630,730</u>

**Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 129,848	209,914	339,762
Due from the State of New Jersey	2,755		2,755
Due from Unemployment Compensation Trust		935	935
Total assets	132,603	210,849	343,452
LIABILITIES			
Due to the State of New Jersey	836		836
Due to the General Fund		6,621	6,621
Due to the Agency Fund	935		935
Payroll Deductions Payable		135,967	135,967
Payable to student groups		68,261	68,261
Total liabilities	1,771	210,849	212,620
NET POSITION			
Held in trust for unemployment claims and other purposes	\$ 130,832		130,832

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, 2019**

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
District Contributions	\$ -
Employee Contributions	25,150
Total Contributions	25,150
Investment earnings:	
Interest	754
Net investment earnings	754
Total additions	25,904
DEDUCTIONS	
Unemployment claims	34,003
Miscellaneous	-
Total deductions	34,003
Change in net position	(8,099)
Net position—beginning of the year	138,931
Net position—end of the year	\$ 130,832

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2019**

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, 2019**

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, and child study team services 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, and child study team services). 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, 2019**

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2019**

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.
 - Schools to Careers Fund – This fund accounts for the revenues and expenses pertaining to the School to Careers Program that provides

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2019**

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.

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"

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2019**

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.

2. Investments:

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2019**

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, 2019, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$ 23,526
Supplies	1,489
	\$ 25,015

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2019**

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, 2019**

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:

	From	To
Multiple Disabilities - Salaries of Teachers	227,010	
Undist. Expend - Improv. Of Inst. Serv. - Salaries		111,885

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

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

10. Encumbrances:

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

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2019**

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

11. Tuition Receivable

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

12. Use of Estimates

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

13. Allocation of Costs

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

14. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and 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 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.

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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.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the District's financial reporting.

NOTE 2. INVESTMENTS

As of June 30, 2019, 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, 2019, \$0 of the District's bank balance of \$7,294,609 was exposed to custodial credit risk.

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NOTE 4. CAPITAL RESERVE FUND

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question 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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$	946,561
Interest Earnings		100
Anticipated in budget		(150,000)
Cancelled Projects		13,048
		13,048
Ending Balance, June 30, 2019	\$	809,709

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

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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.

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 658,366
Interest Earnings	20
Anticipated in Budget	(150,000)
Transferred from Current Budget	44,085
Ending balance, June 30, 2019	<u><u>\$ 552,471</u></u>

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NOTE 6. FIXED ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2019</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	73,351	4,628	29,167,645
Machinery & equipment	2,109,814	89,226	14,949	2,213,989
Total at historical cost	<u>31,199,480</u>	<u>162,577</u>	<u>19,577</u>	<u>31,381,634</u>
Less accum depr for:				
Bldg and improve	(10,892,645)	(964,409)		(11,857,054)
Equipment	(897,360)	(183,819)	1,478	(1,079,701)
Total accum deprec	<u>(11,790,005)</u>	<u>(1,148,228)</u>	<u>1,478</u>	<u>(12,936,755)</u>
Total capital assets being depr, net of accum depr	<u>19,409,475</u>	<u>(985,651)</u>	<u>21,055</u>	<u>18,444,879</u>
Governmental activities capital assets, net	<u><u>20,045,747</u></u>	<u><u>(985,651)</u></u>	<u><u>21,055</u></u>	<u><u>19,081,151</u></u>
Business-type activities:				
Capital assets that are not being depreciated:				
Land	\$ 73,500			73,500
Total capital assets not being depreciated	<u>73,500</u>	-	-	<u>73,500</u>
Building and improve	575,080			575,080
Equipment	3,658,729		(97,013)	3,561,716
Less accum depr for:				
Building and improve	(223,815)	(2,886)		(226,701)
Equipment	(2,676,919)	(177,919)	84,761	(2,770,077)
Business-type activities capital assets, net	<u><u>\$ 1,406,575</u></u>	<u><u>(180,805)</u></u>	<u><u>(12,252)</u></u>	<u><u>1,213,518</u></u>

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Depreciation expense is charged to governmental functions as follows:

Other special instruction	\$	567,440
Other instruction		36,353
Student & instruction related services		235,298
School administrative expenses		43,966
General and business administration		108,850
Plant operations and maintenance		153,681
Pupil Transportation		2,640
	<u>\$</u>	<u>1,148,228</u>

NOTE 7. GENERAL LONG-TERM DEBT

Governmental Activities

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Balance June 30, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
Net Pension Liability	\$ 22,540,965		5,869,249	16,671,716	
Compensated Absences Payable	352,966	32,156	79,745	305,377	
Total	<u>\$ 22,893,931</u>	<u>32,156</u>	<u>5,948,994</u>	<u>16,977,093</u>	<u>-</u>

Business Type Activities

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Balance June 30, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
Compensated Absences Payable	195,428	31,775	22,927	204,276	
	<u>\$ 195,428</u>	<u>31,775</u>	<u>22,927</u>	<u>204,276</u>	<u>-</u>

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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/annrpts.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.

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

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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, 2019, 2018 and 2017 were \$1,419,931, \$1,036,669 and \$837,839 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, 2019, 2018 and 2017 were \$803,927, \$901,025, and \$940,703. respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2019, 2018 and 2017, the State of New Jersey contributed \$644,079, \$671,500, and \$698,111, 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 \$512,090, \$533,246, and \$518,584, 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, 2019.

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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.
- 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

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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, 2019, the District reported a liability of \$16,671,716 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the District's proportion was 0.08467312190%, which was a decrease of 12.56% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of (\$527,154). At June 30, 2019, 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	\$ 317,932	85,965
Changes of assumptions	2,747,223	5,330,728
Differences between expected and actual earnings		156,381
Changes in proportion	121,880	5,220,683
District Contributions subsequent to the measurement date	842,224	
Total	<u>\$ 4,029,259</u>	<u>10,793,757</u>

\$842,224 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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	\$ 306,926
2020	(526,025)
2021	(3,373,901)
2022	(3,022,787)
2023	(990,935)
Total	<u>\$ (7,606,722)</u>

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Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation of July 1, 2017, which was rolled forward to June 30, 2018. 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 Conduent modified 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 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 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, 2018) 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018, 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 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 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, 2018, 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 (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the net pension liability	\$ 20,043,620	16,671,716	13,844,604

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, 2019, 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		43,849,228
Total	\$	43,849,228

The net pension liability was measured as of June 30, 2018 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 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

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determined. At June 30, 2018, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$2,556,257 and revenue of \$2,556,257 for support provided by the State. At June 30, 2019, 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 expensed and actual experience	\$ 978,914	66,327
Changes of assumptions	7,618,912	11,082,436
Net difference between projected and actual earnings on pension plan investments		3,993
Changes in proportion and differences between District contributions and proportionate share of contributions		6,731,152
District contributions subsequent to the measurement date	<u>1,041,921</u>	
Total	<u>\$ 9,639,747</u>	<u>17,883,908</u>

\$1,041,921 reported as deferred inflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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	\$	1,006,010
2020		523,410
2021		(558,459)
2022		(373,833)
2023		(1,841,399)
Thereafter		<u>(8,041,811)</u>
Total	\$	<u>(9,286,082)</u>

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Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.25%
Salary increases	
2012-2021	1.55-4.55%
Thereafter	2.00-5.45%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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, 2018) 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, 2018 are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
Risk Mitigation Services	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 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 4.86% as of June 30, 2018. 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 3.78% as of June 30, 2018, 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 50% 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 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 4.86% 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 (3.86%) or 1-percentage point higher (5.86%) than the current rate:

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	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
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

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirement. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, and increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

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

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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.

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. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

Actuarial assumptions and other imputes:

The total OPEB liability in the June 30, 2018 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 discount rate basis under GASB 75 is required to be consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The discount rate will be based on this index rate that is reported on the last Friday prior to the measurement date.

The discount rates as of June 30, 2016, 2017, and 2018 are 2.58%, 3.58%, and 3.87%, respectively.

Health Care Trend: For pre-Medicare PPO medical benefits, the initial amount is 5.8% and decreases to 5.0% long term trend rate after 8 years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For HMO medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after 8 years. For prescription drug benefits, the initial trend rate is 8% decreasing to a 5.0% long-term trend rate after 7 years.

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Salary Scale: The salary scale assumptions in the calculation of Entry Age Normal (Level Percent) liability and normal costs will be consistent with the salary scale assumptions used in the pension plans and the calculation of the retiree 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 RP-2006 headcount-weighted mortality table for healthy and disabled lives with fully generational mortality improvement projections from the central year using Scale MP-2017.

Pre-retirement Healthy Mortality: RP-2006 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-2006 headcount-weighted healthy annuitant male/female mortality table with fully generational improvement projections from the central year using scale MP-2017.

Disabled Mortality: RP-2006 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 6/30/17	\$ 53,639,841,858
Changes for the year:	
Service cost	1,984,642,729
Interest	1,970,236,232
Differences between Expected & Actual Experiences	(5,002,065,740)
Changes in assumptions or other inputs	(5,291,448,855)
Contributions: Member	42,614,005
Benefit payments	<u>(1,232,987,247)</u>
Net changes	<u>(7,529,008,876)</u>
Balance at 6/30/18	<u>\$ 46,110,832,982</u>

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Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

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 (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability (School Retirees)	54,512,391,175	46,110,832,982	39,432,461,816

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)	38,113,289,045	46,110,832,982	56,687,891,003

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

For the year ended June 30, 2019, the board of education recognized OPEB expense of \$2,551,463 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, 2018, 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 expended and actual experience		4,476,086,167
Changes of assumptions		10,335,978,867
Net difference between projected and actual earnings on investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		
District contributions subsequent to the measurement date		
Total	\$ -	14,812,065,034

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	\$ (1,825,218,593)
2020	(1,825,218,593)
2021	(1,825,218,593)
2022	(1,825,218,593)
2023	(1,825,218,593)
Thereafter	(5,685,972,069)
Total	<u>\$ (14,812,065,034)</u>

(Contributions made after June 30, 2018 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 Districts' agreements with various employee unions. Vacation days not used during the

**Atlantic County Special Services School
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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, 2019 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. This is a pay as you go plan and the District does not use

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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>
2018-2019 \$	-	25,150	754	34,003	130,832
2017-2018	25,000	26,381	252	74,463	138,931
2016-2017	25,000	28,708	243	49,123	161,761

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 80,941	419
Food Service Fund		20,000
County Programs Fund		53,901
Payroll Agency Fund		6,621
Total	<u>\$ 80,941</u>	<u>80,941</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. 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 \$4,989,321 General Fund balance at June 30, 2019, \$1,843,790 has been appropriated and included as anticipated revenue for the year ending June 30, 2020; \$809,709 has been reserved for future capital activity; \$552,471 has been reserved for future maintenance activity; \$226,865 has been reserved for encumbrances; and \$1,556,486 is unreserved and undesignated.

NOTE 17. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 22, 2019, the date on which the financial statements were available to be issued, and no items were identified that require disclosure.

Required Supplementary Information
Part II

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BUDGETARY COMPARISON SCHEDULES

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Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	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	13,834,737		13,834,737	12,610,174	(1,224,563)
Other Tuition	543,400		543,400	522,060	(21,340)
Non-Resident Fees	194,400		194,400	196,920	2,520
Rents and Royalties	93,800		93,800	96,800	3,000
Interest Earned on Capital Reserve Funds	100		100	100	-
Interest Earned on Maintenance Reserve Funds	20		20	20	-
Miscellaneous	40,120		40,120	151,217	111,097
Total - Local Sources	16,756,673	-	16,756,673	15,627,387	(1,129,286)
State Sources:					
Reimbursed TPAF Social Security Contributions (non-budgeted)			-	512,090	512,090
On-behalf TPAF Post Retirement Contributions (non-budgeted)			-	644,079	644,079
On-behalf TPAF LTDI (non-budgeted)			-	573	573
On-behalf TPAF Pension Contributions (non-budgeted)			-	1,419,931	1,419,931
Total - State Sources	-	-	-	2,576,673	2,576,673
Federal Sources:					
Medical Assistance Program	175,000		175,000	213,882	38,882
Total - Federal Sources	175,000	-	175,000	213,882	38,882
Total Revenues	16,931,673	-	16,931,673	18,417,942	1,486,269

Atlantic County Special Services School District
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Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Current Expense:					
Behavioral Disabilities					
Salaries of Teachers	409,827	1,500	411,327	386,238	25,089
Other Salaries for Instruction	189,012	(76,500)	112,512	73,570	38,942
Purchased Professional-Educational Services	33,984	59,600	93,584	92,579	1,005
General Supplies	8,019	(3,900)	4,119	1,351	2,768
Textbooks	2,541	-	2,541	656	1,885
Other Objects	1,510	-	1,510	290	1,220
Total Behavioral Disabilities	644,893	(19,300)	625,593	554,684	70,909
Multiple Disabilities					
Salaries of Teachers	2,041,356	(227,010)	1,814,346	1,718,018	96,328
Other Salaries for Instruction	1,259,518	84,645	1,344,163	1,223,229	120,934
Purchased Professional-Educational Services	38,284	44,300	82,584	76,555	6,029
Other Purchased Services	65	-	65	56	9
General Supplies	80,793	(7,000)	73,793	64,895	8,898
Textbooks	17,855	(500)	17,355	-	17,355
Other Objects	8,026	-	8,026	680	7,346
Total Multiple Disabilities	3,445,897	(105,565)	3,340,332	3,083,433	256,899
Autism					
Salaries of Teachers	762,006	26,000	788,006	749,888	38,118
Other Salaries for Instruction	293,809	(57,100)	236,709	184,064	52,645
Purchased Professional-Educational Services	147,636	(1,000)	146,636	56,213	90,423
General Supplies	4,509	-	4,509	1,850	2,659
Other Objects	4,700	-	4,700	4,229	471
Total Autism	1,212,660	(32,100)	1,180,560	996,244	184,316
Preschool Disabilities - Full-Time					
Salaries of Teachers	200,496	-	200,496	200,496	-
Other Salaries for Instruction	111,456	13,903	125,359	125,324	35
Purchased Professional-Educational Services		66,697	66,697	64,259	2,438
General Supplies	1,816	-	1,816	562	1,254
Other Objects	400	-	400	-	400
Total Preschool Disabilities - Full-Time	314,168	80,600	394,768	390,641	4,127

Atlantic County Special Services School District
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 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Extended School Year					
Salaries of Teachers	202,703	2,980	205,683	176,563	29,120
Other Salaries for Instruction	86,000	-	86,000	78,304	7,696
Purchased Professional-Educational Services	5,576	-	5,576	-	5,576
Other Purchased Services	100	-	100	-	100
General Supplies	4,000	-	4,000	3,133	867
Other Objects	15,200	-	15,200	13,855	1,345
Total Extended School Year	313,579	2,980	316,559	271,855	44,704
Cognitive - Severe					
Salaries of Teachers	423,839	-	423,839	417,735	6,104
Other Salaries for Instruction	208,772	(24,500)	184,272	182,836	1,436
Purchased Professional-Educational Services	195,796	25,500	221,296	218,716	2,580
General Supplies	1,400	-	1,400	259	1,141
Total Cognitive - Severe	829,807	1,000	830,807	819,546	11,261
Total Special Education - Instruction	6,761,004	(72,385)	6,688,619	6,116,403	572,216
Other Instructional Programs - Instruction					
Salaries	548,577	(26,000)	522,577	388,479	134,098
Purchased Services	2,300	-	2,300	-	2,300
Supplies and Materials	17,120	-	17,120	3,975	13,145
Total Other Instructional Programs - Instruction	567,997	(26,000)	541,997	392,454	149,543
Total Instruction	7,329,001	(98,385)	7,230,616	6,508,857	721,759
Undistributed Expenditures - Health Services:					
Salaries	259,547	800	260,347	235,309	25,038
Purchased Professional and Technical Services	170,902	(14,100)	156,802	89,054	67,748
Other Purchased Services	2,000	-	2,000	1,841	159
Supplies and Materials	3,750	-	3,750	2,228	1,522
Other Objects	1,000	-	1,000	927	73
Total Undistributed Expenditures - Health Services	437,199	(13,300)	423,899	329,359	94,540

Atlantic County Special Services School District
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Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	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	1,261,265	9,750	1,271,015	1,241,411	29,604
Purchased Professional and Educational Services	500	(500)	-	-	-
Supplies and Materials	3,750	250	4,000	3,729	271
Total Undistributed Expenditures - Other Support Services - Students - Speech, OT, PT & Related Services:	1,265,515	9,500	1,275,015	1,245,140	29,875
Undistributed Expenditures - Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	722,083	(12,200)	709,883	676,762	33,121
Salaries of Secretarial and Clerical Assistants	55,711	-	55,711	55,711	-
Other Salaries	103,550	-	103,550	103,446	104
Other Purchased Services	3,700	-	3,700	3,393	307
Supplies and Materials	2,000	(300)	1,700	823	877
Other Objects	820	-	820	820	-
Total Undistributed Expenditures - Other Support Services - Students - Child Study Team:	887,864	(12,500)	875,364	840,955	34,409
Undistributed Expenditures - Improvement of Instructional Serv. Salaries of Supervisors of Instruction	-	111,885	111,885	111,500	385
Other Salaries	5,500	(2,750)	2,750	-	2,750
Total Undistributed Expenditures - Improvement of Instructional Serv.	5,500	109,135	114,635	111,500	3,135
Undistributed Expenditures - Educational Media Serv./Sch. Library					
Purchased Professional and Technical Services	2,500	(2,000)	500	-	500
Other Purchased Services	2,000	1,000	1,000	635	365
Supplies and Materials	-	2,750	4,750	4,740	10
Total Undistributed Expenditures - Edu. Media Serv/Sch Library	4,500	1,750	6,250	5,375	875
Undistributed Expenditures - Instructional Staff Training Services					
Purchased Professional - Educational Services	27,200	(14,100)	13,100	7,147	5,953
Other Purchased Services	3,150	(200)	2,950	721	2,229
Supplies and Materials	300	(200)	100	-	100
Total Undistributed Expenditures -Instructional Staff Training Services	30,650	(14,500)	16,150	7,868	8,282

Atlantic County Special Services School District
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Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	197,133	(9,700)	187,433	187,190	243
Legal Services	40,000	19,300	59,300	51,635	7,665
Audit Fees	31,200	(1,000)	30,200	30,000	200
Architectural/Engineering Services	3,000	(3,000)	-	-	-
Other Purchased Professional Services	9,500	(800)	8,700	8,664	36
Communications/Telephone	38,300	(2,700)	35,600	30,815	4,785
Other Purchased Services	66,400	(200)	66,200	59,664	6,536
General Supplies	7,500	(150)	7,350	4,216	3,134
BOE In-House Training/Meeting Supplies	4,000	-	4,000	1,500	2,500
Miscellaneous Expenditures	8,115	50	8,165	5,693	2,472
BOE Membership Dues and Fees	9,600	-	9,600	9,474	126
Total Undistributed Expenditures - Support Services - Gen. Admin.	414,748	1,800	416,548	388,851	27,697
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	217,170	(4,700)	212,470	194,039	18,431
Salaries of Secretarial and Clerical Assistants	225,702	11,101	236,803	225,317	11,486
Unused Vacation Payment to Terminated/Retired Staff	4,800	(4,800)	-	-	-
Other Purchased Services	27,400	26,259	53,659	52,982	677
Supplies and Materials	5,000	(4,000)	1,000	664	336
Other Objects	4,995	(1,860)	3,135	1,640	1,495
Total Undistributed Expenditures - Support Serv. - School Admin.	485,067	22,000	507,067	474,642	32,425
Undistributed Expenditures - Central Services					
Salaries	605,537	8,250	613,787	588,708	25,079
Unused Vacation Payment to Terminated/Retired Staff	28,411	(2,500)	25,911	14,127	11,784
Purchased Professional Services	61,200	(7,300)	53,900	27,468	26,432
Miscellaneous Purchased Services	6,300	650	6,950	6,828	122
Supplies and Materials	13,368	1,900	15,268	7,990	7,278
Miscellaneous Expenses	3,180	(1,000)	2,180	1,303	877
Total Undistributed Expenditures - Central Services	717,996	-	717,996	646,424	71,572
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	107,574	(4,000)	103,574	84,958	18,616
Purchased Technical Services	25,128	(1,000)	24,128	20,236	3,892
Other Purchased Services	200	-	200	-	200
Supplies and Materials	38,500	-	38,500	33,304	5,196
Other Objects	1,575	-	1,575	1,332	243
Total Undistributed Expenditures - Admin. Info. Tech.	172,977	(5,000)	167,977	139,830	28,147

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, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Required Maintenance for School Facilities of Plant Services:					
Salaries	259,144	1,000	260,144	242,177	17,967
Cleaning, Repair and Maintenance Services	213,404	7,900	221,304	94,728	126,576
General Supplies	64,539	(1,000)	63,539	44,270	19,269
Other Objects	5,500	(2,500)	3,000	230	2,770
Total Undistributed Expenditures - Required Maintenance for School Facilities	542,587	5,400	547,987	381,405	166,582
Undistributed Expenditures - Custodial Services:					
Salaries	434,248	6,500	440,748	410,947	29,801
Purchased Professional and Technical Services	6,000	(400)	5,600	5,565	35
Cleaning, Repair, and Maintenance Services	25,000	(6,000)	19,000	18,041	959
Other Purchased Property Services	22,000	1,000	23,000	22,927	73
Insurance	68,125	(7,500)	60,625	59,316	1,309
General Supplies	65,000	600	65,600	57,916	7,684
Energy (Natural Gas)	125,000	(6,999)	118,001	105,250	12,751
Energy (Electricity)	353,000	6,949	359,949	359,949	-
Energy (Gasoline)	1,200	50	1,250	1,250	-
Total Undistributed Expenditures - Custodial Services	1,099,573	(5,800)	1,093,773	1,041,161	52,612
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	106,358	(3,660)	102,698	46,134	56,564
General Supplies	10,000	(1,440)	8,560	7,941	619
Total Undistributed Expenditures - Care & Upkeep of Grounds	116,358	(5,100)	111,258	54,075	57,183
Undistributed Expenditures - Security					
Salaries	136,581	4,500	141,081	137,959	3,122
Purchased Professional and Technical Services	43,939	(2,350)	41,589	36,162	5,427
General Supplies	5,000	3,350	8,350	8,311	39
Total Undistributed Expenditures - Security	185,520	5,500	191,020	182,432	8,588
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other than Between Home and School) - Vendors	40,875	27,000	67,875	28,496	39,379
Total Undistributed Expenditures - Student Transportation Serv.	40,875	27,000	67,875	28,496	39,379

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, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Unallocated Benefits:					
Social Security Contributions	330,000	-	330,000	318,588	11,412
Other Retirement Contributions - PERS	620,000	(30,100)	589,900	535,373	54,527
Other Retirement Contributions - DCRP	2,500	600	3,100	3,081	19
Worker's Compensation	275,000	-	275,000	233,733	41,267
Health Benefits	4,190,800	(22,000)	4,168,800	3,386,585	782,215
Tuition Reimbursement	40,000	-	40,000	10,003	29,997
Other Employee Benefits	14,000	-	14,000	7,939	6,061
Unused Sick Payment to Terminated/Retired Staff	70,039	24,000	94,039	43,245	50,794
Total Unallocated Benefits	5,542,339	(27,500)	5,514,839	4,538,547	976,292
Reimbursed TPAF Social Security Contributions (non-budgeted)					
On-behalf TPAF Post Retirement Contributions (non-budgeted)				512,090	(512,090)
On-behalf TPAF LTDI (non-budgeted)				644,079	(644,079)
On-behalf TPAF Pension Contributions (non-budgeted)				573	(573)
				1,419,931	(1,419,931)
Total On-behalf Contributions	-	-	-	2,576,673	(2,576,673)
Total Undistributed Expenditures	11,949,268	98,385	12,047,653	12,992,733	(945,080)
Interest Earned on Maintenance Reserve	20	-	20	20	-
Total Current Expense	19,278,289	-	19,278,289	19,501,610	(223,321)
Capital Outlay:					
Interest Earned on Capital Reserve	100	-	100	100	-
Equipment:					
Multiple Disabilities	11,100	-	11,100	8,667	2,433
Undistributed Expenditures:					
Admin Info Tech	6,000	-	6,000	5,293	707
Required Maintenance for School Fac.	39,272	-	39,272	39,272	-
Total Equipment	56,472	-	56,472	53,332	3,140

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, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	2,429	-	2,429	1,600	829
Construction Services	201,898	-	201,898	66,943	134,955
Total Facilities Acquisition and Construction Services	204,327	-	204,327	68,543	135,784
Total Capital Outlay	260,799	-	260,799	121,875	138,924
Total Expenditures	19,539,088	-	19,539,088	19,623,485	(84,397)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,607,415)	-	(2,607,415)	(1,205,543)	1,401,872
Other Financing Sources (Uses):					
Refund of Prior Year's Revenue				(13,761)	(13,761)
Decrease in Capital Reserve				(150,000)	(150,000)
Transfer from Capital Reserve				150,100	150,100
Decrease in Maintenance Reserve				(150,000)	(150,000)
Transfer from Maintenance Reserve				150,020	150,020
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,607,415)	-	(2,607,415)	(1,219,184)	1,388,231
Fund Balances, July 1	6,208,505	-	6,208,505	6,208,505	-
Fund Balances, June 30	\$ 3,601,090	-	3,601,090	4,989,321	1,388,231
Recapitulation of Fund Balance:					
Committed Fund Balance:					
Capital Reserve				809,709	
Maintenance Reserve				552,471	
Designated for Subsequent Year's Expenditures				1,843,790	
Assigned Fund Balance:					
Reserve for Encumbrances				226,865	
Unassigned Fund Balance				1,556,486	
				4,989,321	
Reconciliation to Governmental Funds Statements (GAAP)					
Last State Aid Payment Not Recognized on GAAP Basis				-	
Fund Balance per Governmental Funds (GAAP)				<u>4,989,321</u>	

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, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources	-	60,668	60,668	55,645	(5,023)
Total - Local Sources	-	60,668	60,668	55,645	(5,023)
Total Revenues	-	60,668	60,668	55,645	(5,023)

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, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction					
Salaries of Teachers		2,000	2,000	1,520	480
General Supplies		12,515	12,515	7,972	4,543
Total instruction	-	14,515	14,515	9,492	5,023
Facilities acquisition and construction services:					
Non-instructional Equipment		46,153	46,153	46,153	-
Total facilities acquisition and construction services	-	46,153	46,153	46,153	-
Total expenditures	-	60,668	60,668	55,645	5,023
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, 2019

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	\$ 18,417,942	55,645
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			
Prior year			
Current year			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	18,417,942	55,645
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-2	19,623,485	55,645
Differences - budget to GAAP:			
Encumbrances for supplies and equipment ordered but but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes			
Prior year			
Current year			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to enterprise fund.			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$ 19,623,485	55,645

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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 Six Fiscal Years

	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0846731219%	0.0968321010%	0.1111737820%	0.1163600000%	0.1250800000%	0.1220000000%
District's proportionate of the net pension liability (asset)	\$ 16,671,716	\$ 22,540,965	\$ 32,926,485	\$ 26,119,602	\$ 23,417,955	\$ 23,359,742
District's covered payroll	\$ 4,873,381	\$ 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	342.10%	377.20%	481.85%	373.73%	268.58%	269.24%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	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 six 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 Six Fiscal Years

	2018	2017	2016	2015	2014	2013
Contractually required contribution	842,224	897,046	987,652	1,000,350	1,000,872	\$ 908,418
Contributions in relation to the contractually required contribution	<u>842,224</u>	<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>	<u>\$ -</u>
District's covered-employee payroll	4,873,381	5,975,866	6,833,374	6,988,957	8,719,053	\$ 8,676,108
Contributions as a percentage of covered-employee payroll	17.28%	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 six 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 Six Fiscal Years

	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.074488%	0.066279%	0.066280%	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>50,222,271</u>	<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>50,222,271</u>	<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>
District's covered payroll	7,257,826	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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	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 six 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 Three Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.00%	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>\$ 75,531,668</u>	<u>\$ 89,009,148</u>	<u>\$ 96,530,933</u>
Total	<u>\$ 75,531,668</u>	<u>\$ 89,009,148</u>	<u>\$ 96,530,933</u>
District's covered payroll	12,131,207	13,090,918	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%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:			
Service Cost	2,500,857.00	3,007,375.00	
Interest Cost	3,241,462.00	2,808,744.00	
Differences between Expected & Actual	(8,602,276.00)		
Changes in Assumptopns	(8,667,637.00)	(11,352,178.00)	
Member Contributions	69,804.00	75,915.00	
Benefit Payments	(2,019,690.00)	(2,061,641.00)	
Change in Total Opeb Liability	<u>(13,477,480.00)</u>	<u>(7,521,785.00)</u>	
State's proportionate share of the net OPEB liability (asset) associated with the District - Beginning Balance	<u>89,009,148.00</u>	<u>96,530,933.00</u>	
Ending Balance	<u>\$ 75,531,668.00</u>	<u>\$ 89,009,148.00</u>	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	622.62%	679.93%	

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 three 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, 2019

	Safety Grant	Education Foundation Grant	Total 2018
REVENUES:			
State Sources			-
Federal Sources			-
Local Sources	\$ 46,153	\$ 9,492	55,645
Total revenues	46,153	9,492	55,645
EXPENDITURES:			
Instruction:			
Salaries of teachers		1,520	1,520
General supplies		7,972	7,972
Total instruction	-	9,492	9,492
Facilities acquisition and const. serv.:			
Noninstructional equipment	46,153		46,153
Total facilities acquisition and construction services	46,153	-	46,153
Total expenditures	\$ 46,153	\$ 9,492	55,645

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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, 2019

	School to Careers	Total Non-major Funds
ASSETS:		
Cash and cash equivalents	\$ -	-
Total Current Assets	-	-
Total assets	-	-
LIABILITIES AND FUND EQUITY:		
Current liabilities:		
Accounts payable		-
Interfund payable		-
Total liabilities	-	-
Net Position		
Unrestricted	-	-
Total net position	-	-
Total liabilities and fund equity	\$ -	-

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, 2019

**Business-type Activities -
Enterprise Fund**

	School to Careers	Total Non-major Funds
Operating revenues:		
Charges for services:		
Fee for Service		-
County Aid Payments		-
Total operating revenues	-	-
Operating expenses:		
Salaries	3,167	3,167
Transfer to County of Atlantic		-
Total Operating Expenses	3,167	3,167
Operating income (loss)	(3,167)	(3,167)
Income (loss) before contributions & transfers	(3,167)	(3,167)
Capital contributions		-
Transfers in (out)		-
Change in net position	(3,167)	(3,167)
Total net position—beginning	3,167	3,167
Total net position—ending	\$ -	-

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, 2019

	Business-type Activities - Enterprise Funds	
	School to Careers	Total Non-major Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ -	-
Payments for salaries	(3,167)	(3,167)
Other costs		-
Net cash provided by/(used for) operating activities	<u>(3,167)</u>	<u>(3,167)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers from/(to) other funds	-	-
Net cash provided by/(used for) non-capital financing activities	<u>-</u>	<u>-</u>
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>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends		-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(3,167)	(3,167)
Balances—beginning of year	3,167	3,167
Balances—end of year	<u>-</u>	<u>-</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(3,167)	(3,167)
Adjustments to reconcile operating income (loss) to net cash provided by/(used for) operating activities		
(Increase)/Decrease in accounts receivable, net	<u>-</u>	<u>-</u>
Total adjustments	<u>-</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>\$ (3,167)</u>	<u>(3,167)</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, 2019

	Trust Funds	Agency		Totals
	Expendable Unemployment	Student Activity	Payroll	
ASSETS:				
Cash and cash equivalents	\$ 129,848	68,261	141,653	339,762
Due from the State of New Jersey	2,755			2,755
Due from Unemployment Trust Fund			935	935
Total Assets	<u>132,603</u>	<u>68,261</u>	<u>142,588</u>	<u>343,452</u>
LIABILITIES AND EQUITY:				
Liabilities:				
Due to State of New Jersey	836			836
Due to General Fund			6,621	6,621
Due to Payroll Agency Fund	935			935
Payroll Deductions Payable			135,967	135,967
Due to Student Groups		68,261		68,261
Total Liabilities	<u>1,771</u>	<u>68,261</u>	<u>142,588</u>	<u>212,620</u>
Equity:				
Net Position				
Reserved - Expendable Trust	130,832			130,832
Total equity	<u>130,832</u>	<u>-</u>	<u>-</u>	<u>130,832</u>
Total liabilities and equity	<u>\$ 132,603</u>	<u>68,261</u>	<u>142,588</u>	<u>343,452</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, 2019

	<u>Unemployment Trust</u>	<u>Total Expendable Trust</u>
ADDITIONS		
Local sources:		
Interest on investments	\$ 754	754
District contributions	-	-
Employee withholdings	<u>25,150</u>	<u>25,150</u>
Total additions	<u>25,904</u>	<u>25,904</u>
DEDUCTIONS		
Payments of unemployment claims	<u>34,003</u>	<u>34,003</u>
Total operating expenses	<u>34,003</u>	<u>34,003</u>
Change in net position	<u>(8,099)</u>	<u>(8,099)</u>
Net Position, July 1	<u>138,931</u>	<u>138,931</u>
Net Position, June 30	<u><u>\$ 130,832</u></u>	<u><u>130,832</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, 2019

	<u>Balance</u> July 1, 2018	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> June 30, 2019
ASSETS:				
Cash and cash equivalents	\$ 63,587	72,212	67,538	68,261
Total assets	<u>63,587</u>	<u>72,212</u>	<u>67,538</u>	<u>68,261</u>
LIABILITIES:				
Due to Student groups	63,587	72,212	67,538	68,261
Total liabilities	<u>\$ 63,587</u>	<u>72,212</u>	<u>67,538</u>	<u>68,261</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, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and cash equivalents	\$ 28,057	6,061,823	5,948,227	141,653
Due from Unemployment Trust	935			935
Total assets	<u>28,992</u>	<u>6,061,823</u>	<u>5,948,227</u>	<u>142,588</u>
LIABILITIES:				
Due to General Fund	10,539	717	4,635	6,621
Payroll deductions and withholdings	18,453	6,061,106	5,943,592	135,967
Total liabilities	<u>\$ 28,992</u>	<u>6,061,823</u>	<u>5,948,227</u>	<u>142,588</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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Invested in capital assets, net of related debt	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	19,081,151
Restricted	282,157	220,876	351,949	431,660	502,986	510,492	1,024,333	1,661,682	1,089,745	1,036,574
Unrestricted	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)	(20,631,068)
Total governmental activities net position	28,169,019	27,839,094	26,331,021	26,147,920	24,769,259	229,297	927,237	1,221,089	253,470	(513,343)
Business-type activities										
Invested in capital assets, net of related debt	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	1,213,518
Restricted	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	3,570,730
Unrestricted	4,604,484	3,667,041	3,740,841	3,757,910	3,256,141	3,789,872	4,146,229	4,222,544	4,335,075	4,784,248
Total business-type activities net position (as restated)	9,208,968	7,274,082	7,481,682	7,515,820	6,512,281	7,579,744	8,292,458	8,444,090	8,670,150	9,568,500
District-wide										
Invested in capital assets, net of related debt	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	20,294,669
Restricted	282,157	220,876	351,949	431,660	502,986	510,492	1,024,333	1,661,682	1,089,745	1,036,574
Unrestricted	6,711,198	6,332,333	5,424,216	4,443,469	3,740,275	(19,518,011)	(18,537,644)	(17,831,469)	(17,953,522)	(17,060,338)
Total district net position (as restated)	\$ 32,773,503	\$ 31,506,135	\$ 30,071,862	\$ 29,905,830	\$ 28,025,400	\$ 4,019,169	\$ 5,073,466	\$ 5,443,633	\$ 4,588,545	\$ 4,270,905

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Other special education	\$ 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	11,186,765
Other instruction	1,087,259	1,103,773	1,151,081	769,477	761,457	855,485	840,012	1,269,274	1,508,517	716,677
Support Services:										
Student & instruction related services	4,333,611	4,251,924	4,212,370	3,011,649	3,038,689	2,884,228	2,575,716	5,315,899	5,997,389	4,638,765
General administrative services	1,497,142	1,090,686	899,144	604,907	631,216	672,983	590,498	933,999	1,168,796	866,764
School administrative services	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	2,145,912
Plant operations and maintenance	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	3,029,622
Pupil transportation	61,297	56,145	44,453	38,272	27,389	29,214	19,583	25,999	42,296	52,037
Unallocated Benefits				6,734,753	6,750,637	9,043,970	9,080,398			
Capital Outlay	2,067	-	32,246					74,634	59,166	5,451
Unallocated Depreciation				916,307	889,920	798,079	841,464			
Unallocated activities expenses	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	22,641,993
Total governmental activities	17,772,687	17,746,182	16,486,644	18,809,410	19,067,024	20,974,448	21,886,987	22,576,656	23,431,310	19,355,771
Business-type activities:										
Food service	689,690	673,023	718,931	681,858	709,251	695,013	585,800	598,363	541,655	485,191
Transportation	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	5,381,802
Teachers Aide Services	2,583,110	2,471,358	3,172,293	4,042,881	3,482,620	3,499,857	3,650,622	4,071,467	4,468,163	4,455,719
Other	751,589	762,658	616,396					14,243	56,065	3,167
Total business-type activities expense	10,784,699	10,929,719	12,083,540	12,450,335	11,688,191	11,540,343	11,367,200	11,233,013	10,954,017	10,325,879
Total district expenses	32,392,822	32,380,232	33,602,169	33,992,320	34,742,155	36,214,013	34,742,155	37,749,567	41,935,140	32,967,872
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	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	13,329,154
Operating grants and contributions	251,596	9,783	46,464	1,763,872	1,555,966	3,673,677	3,637,239	4,888,197	8,778,626	6,026,617
Total governmental activities program revenues	17,772,687	17,746,182	16,486,644	18,809,410	19,067,024	20,974,448	21,886,987	22,576,656	23,431,310	19,355,771
Business-type activities:										
Charges for services:										
Food service	251,918	257,233	251,792	273,208	249,915	238,480	244,334	254,708	253,516	213,267
Transportation	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	5,670,735
Teachers Aide Services	2,123,816	2,119,577	2,578,198	3,571,220	3,428,023	3,696,080	3,889,285	4,467,413	4,622,046	4,724,732
Other	764,303	748,014	523,252					27,075	-	-
Operating grants and contributions	231,675	215,087	208,704	195,504	231,665	228,814	217,241	211,657	193,405	178,570
Total business-type activities program revenues	9,965,695	9,916,168	11,941,017	12,028,846	11,047,147	11,705,997	11,001,554	11,103,857	11,001,764	10,767,304
Total district program revenues	27,742,382	27,662,350	28,427,661	30,838,256	30,114,171	32,680,445	32,888,541	33,680,513	34,433,074	30,143,075
Net (Expense)/Revenue	(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)	(3,286,222)
Governmental activities	(815,004)	(1,013,551)	(142,523)	(421,469)	(634,769)	165,694	(365,646)	(129,156)	47,747	461,425
Business-type activities	(4,650,440)	(4,717,882)	(5,174,308)	(3,154,084)	(4,282,441)	(3,533,568)	(1,853,614)	(4,069,054)	(7,502,066)	(2,824,797)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	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	2,050,096
Federal & State Aid - not restricted	1,293,710	1,316,894	1,623,163	215,658	116,233	610,235	215,447	1,582,346	4,077,210	213,882
Miscellaneous income	79,491	145,046	108,554	432,343	223,087	161,438	170,365	155,767	128,555	151,337
Rents and Royalties	(128,078)	(74,340)	(215,544)	(139,126)	(133,000)	(305,976)	(250,000)	(200,000)	(64,784)	-
Transfers	185	6,809	7,739	803	12,133	60,582	16,641	183,779	94,490	21,055
Cancellation of Prior Year Payables										
Loss on the Disposal of Fixed Assets										
Gain on the Disposal of Fixed Assets										
Adjustment to Fixed Assets										

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
County Bond Proceeds										
Refund of Prior Year Revenue								628,900	37,848	-
Receivable Cancelled						(57,373)				(13,761)
Total governmental activities	3,285,811	3,374,409	3,523,712	2,549,474	2,268,549	2,519,002	2,185,908	4,233,750	6,582,194	2,519,409
Business-type activities:										
Miscellaneous Income	5,722	1,768	779							
Transfers	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				(4,170)		(12,252)
Loss on Disposal of Fixed Assets								205,471	64,784	(12,252)
Total business-type activities	133,800	76,108	216,323	438,558	133,000	388,077	250,000	(4,170)	64,784	(12,252)
Total district-wide	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	2,507,157
Change in Net Position										
Governmental activities	(549,625)	(329,922)	(1,508,073)	(183,101)	(1,378,661)	(1,180,220)	697,940	293,852	(967,619)	(786,813)
Business-type activities	(681,204)	(937,443)	73,800	17,069	(501,769)	533,731	(115,646)	76,315	112,531	449,173
Total district	\$ (1,230,829)	(1,267,365)	(1,434,273)	(166,032)	(1,880,430)	(646,489)	582,294	370,167	(855,088)	(317,640)

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

	2010	2011	2012	2013	Fiscal Year Ending June 30,		2016	2017	2018	2019
					2014	2015				
General Fund										
Committed										
Assigned			45,879	1,040,663	1,013,012		31,721	3,995,442	3,995,442	3,205,970
Unassigned		2,564,614	2,562,486	2,293,645	1,804,831	2,405,779	3,653,911	75,671	75,671	226,865
Reserved	\$ 282,157	2,165,853	1,365,844	431,660	309,691	489,731	1,024,333	2,767,342	2,767,342	1,556,486
Unreserved	4,021,913									
Total general fund	<u>4,304,070</u>	<u>4,730,467</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>6,838,455</u>	<u>4,989,321</u>
All Other Governmental Funds										
Assigned, reported in:								545,260		
Capital projects fund										
Unreserved, reported in:										
Capital projects fund		98,922			193,295	20,761		1,000		
Total all other governmental funds	\$ -	<u>98,922</u>	<u>-</u>	<u>-</u>	<u>193,295</u>	<u>20,761</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
								<u>546,260</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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
County Appropriation	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	2,050,096
Tuition charges	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	13,132,234
Interest Earnings	2,067	187	769	7,631	5,189	1,315	751	120	120	120
Rents & Royalties									75,000	96,800
Miscellaneous	217,815	243,367	251,526	441,731	227,935	194,428	171,096	360,093	326,374	403,782
State sources	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	2,576,673
Federal sources	195,204	150,059	150,324	208,639	111,326	473,389	201,036	362,503	206,294	213,882
Total revenue	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	18,473,587
Expenditures										
Instruction										
Other special instruction	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	6,125,895
Other instruction	764,925	766,366	783,403	769,477	761,457	855,485	840,012	627,238	632,769	392,454
Support Services:										
Student & instruction related services	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	2,540,197
General administrative services	399,463	369,917	611,940	604,907	631,216	672,983	590,498	384,566	411,630	388,851
School Administrative services	642,141	757,282	357,719	407,138	411,047	450,136	514,285	461,555	490,268	474,642
Business administrative services	688,275	742,340	753,063	682,752	704,881	724,858	723,472	819,836	809,050	786,254
Plant operations and maintenance	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	1,659,093
Pupil transportation	43,125	38,981	30,253	38,272	27,389	29,214	19,583	12,848	17,741	28,496
Unallocated employee benefits	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	7,115,220
Capital outlay	84,389	68,106	255,189	88,611	17,162	247,561	108,708	145,002	756,708	168,028
Total expenditures	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	19,679,130
Excess (Deficiency) of revenues over (under) expenditures	288,973	592,850	(647,375)	(69,918)	(324,272)	(101,791)	2,043,694	2,229,209	(1,333,173)	(1,205,543)
Other Financing sources (uses)										
Contributed Services										
Cancellation of Prior Year Payables	185	6,809	7,739	803	12,133	60,582		16,641	183,779	-
County Bond Proceeds								628,900	37,848	-
Increase in Capital Reserve	156,749	75,000	75,000					392,100	(94,190)	(150,000)
Transfer to Capital Reserve	(100,000)	(75,000)	(75,000)					(392,100)	94,290	150,100
Transfer from Emergency Reserve										
Decrease in Maintenance Reserve									(2,336)	(150,000)
Transfer from Maintenance Reserve									2,356	150,020
Transfers in		119,414	9,425						55,216	-
Transfers out	(128,078)	(193,754)	(224,969)	(139,126)	(133,000)	(305,976)	(250,000)	(200,000)	(120,000)	-
Refund of Prior Year's Revenue										
Appropriations Cancelled										
Total other financing sources (uses)	(127,893)	(67,531)	(207,805)	(138,323)	(120,867)	(57,373)	(250,000)	445,541	156,963	(13,641)
Net change in fund balances	161,080	525,319	(855,180)	(208,241)	(445,139)	(404,558)	1,793,694	2,674,750	(1,176,210)	(1,219,184)
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
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	522,060	196,920	76,055	41,725	847,535
2019	37,534	196,920	96,800	36,894	76,909	445,057

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

<u>Function/Program</u>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction	10	10	10	10	10	10	10	12	7	7
Regular	57	57	59	61	59	59	49	50	46	45
Special Education instruction	154	145	140	135	142	142	142	94	81	73
Other special education instruction	6	5	4	5	4	4	4	2	-	-
Other instruction	3	4	-	-	-	-	-	-	-	-
Nonpublic school programs										
Support Services:										
Student & instruction related services	48	43	45	45	43	43	31	32	31	31
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	10	9	8	8	8	8	7	7	6	6
Business administrative services	12	13	12	12	12	12	12	12	11	11
Plant operations and maintenance	16	17	18	14	16	16	16	16	17	17
Pupil transportation	122	130	141	135	132	132	114	83	76	68
Food Service	9	9	9	9	8	8	6	6	5	5
Total	449	444	448	436	436	436	393	316	282	265

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				
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%
2019	309	19,511,102	63,143	-8.57%	52	6:1	6:1	6:5:1	445	396	27.95%	88.93%

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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Building</u>										
<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	499	457	438	439	431	406	390	371	345	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, 2019
 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)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Mays Landing Campus	N/A	\$ 381,405	473,708	453,382	481,470	427,027	465,837	484,235	470,205	637,223	609,620
Grand Total		<u>\$ 381,405</u>	<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>

Atlantic County Special Services School District

Insurance Schedule

June 30, 2019

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	100,000	
Aggregate	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	Statutory	
Employers' Liability Agreement-Coverage B	2,000,000	
School Board Legal Liability Coverage A	31,000,000	5,000
Coverage B each occurrence	100,000	5,000
policy period	300,000	
Pollution Liability per occurrence	1,000,000	25,000
policy period	11,000,000	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, 2019, 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 November 22, 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

November 22, 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, 2019. 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, 2019.

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

November 22, 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, 2019

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, 2018	Carryover Amount	Cash Received	Budgetary Expenditures			Adjustment	Repayment of Prior Years' Balances	Balance at June 30, 2019		
									Pass Through	Source	Total			(Accounts Receivable)	Deferred Revenue	Due to Grantor
U. S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program	10.565	191NJ304N1099	N/A	7/1/18 - 6/30/19	18,346			18,346	(18,346)							
School Breakfast Program	10.563	191NJ304N1099	N/A	7/1/18 - 6/30/19	56,772			52,485	(56,772)					(4,287)		
School Breakfast Program	10.563	181NJ304N1099	N/A	7/1/17 - 6/30/18	59,767	(4,751)		4,751	-							
National School Lunch Program	10.555	191NJ304N1099	N/A	7/1/18 - 6/30/19	101,392			93,693	(101,392)					(7,799)		
National School Lunch Program	10.555	181NJ304N1099	N/A	7/1/17 - 6/30/18	112,015	(8,756)		8,756	-							
Total U.S. Department of Agriculture						(13,507)	-	177,931	(176,510)					(12,086)		
U.S. Department of Education																
Passed-through State Department of Education:																
General Fund:																
Special Education Medicaid Aid	93.778	1905NJ5MAP	N/A	7/1/18 - 6/30/19	213,882			213,882	(213,882)							
Total General Fund						-	-	213,882	(213,882)							
Total Federal Financial Awards						\$ (13,507)	-	391,813	(390,392)					(12,086)		

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, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018			Balance at June 30, 2019			MEMO	
				Deferred Revenue (Accis Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor at	Budgetary Receivable
State Department of Education											
General Fund:											
Reimbursed TPAF Social Security Contributions	18-495-034-5095-003	7/1/17-6/30/18	533,246	(26,197)	-	26,197	-	-	-	-	533,246
Reimbursed TPAF Social Security Contributions	19-495-034-5095-003	7/1/18-6/30/19	512,090	-	-	488,294	(512,090)	(23,796)	-	-	512,090
On-Behalf TPAF Pension Contributions	19-495-034-5095-001	7/1/18-6/30/19	2,064,583	-	-	2,064,583	(2,064,583)	-	-	-	2,064,583
Total General Fund				(26,197)	-	2,579,074	(2,576,673)	(23,796)	-	-	3,109,919
State Department of Agriculture											
Enterprise Fund:											
National School Lunch Program (State Share)	19-100-010-3350-023	7/1/18-6/30/19	2,060	(179)	-	1,902	(2,060)	(158)	-	-	2,060
National School Lunch Program (State Share)	18-100-010-3350-023	7/1/17-6/30/18	2,288	-	-	179	-	-	-	-	2,288
				(179)	-	2,081	(2,060)	(158)	-	-	4,348
Total State Financial Assistance				(26,376)	-	2,581,155	(2,578,733)	(23,954)	-	-	3,114,267
							(2,064,583)				
							(514,150)				

Less: On-Behalf TPAF Pension Contributions:

(2,064,583)

(514,150)

**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, 2019**

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. 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, 2019**

	General fund	Food service fund	Total
State Assistance:			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 2,576,673	2,060	2,578,733
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	\$ 2,576,673	2,060	2,578,733

**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, 2019**

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal Assistance:			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 213,882	176,510	390,392
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.			-
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>\$ 213,882</u>	<u>176,510</u>	<u>390,392</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2019. 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, 2019.

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, 2019

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, 2019**

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>19-495-034-5095-002</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, 2019**

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