

Comprehensive Annual Financial Report

of the

**Gloucester County
Special Services School District**

Deptford, New Jersey

**For The Fiscal Year Ended
June 30, 2019**

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
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INTRODUCTORY SECTION



GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

1340 TANYARD ROAD · SEWELL, NEW JERSEY 08080
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December 18, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Gloucester County Special Services School District (District), a component unit of the County of Gloucester, New Jersey, for the fiscal year ended June 30, 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 of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section is presented in accordance with Governmental Accounting Standards Board Statement No. 34 and includes the Report of Independent Accountants, the Management and Discussion Analysis, the basic financial statements, required supplementary information, and the combining and individual fund financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Treasury Circular 15-08-OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.*" Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

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

A. Special Education Programs

Gloucester County Special Services School District offers a wide array of educational services to the families of Gloucester County. The District provides a full continuum of educational services to children with special needs from birth to age 21. Programs offered during the 2018-2019 school year are as follows:

1. Multiple Disabilities

- Shady Lane Child Development Center – students ages 3 to 5
- Bankbridge Development Center – students ages 3 to 21
- Bankbridge Elementary School – students to grade 6
- Bankbridge Regional School – students grades 6 to 12
- Career Center at GCIT – students ages 18 to 21

2. Behavioral Disabilities

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

3. Auditory Disabilities

- Shady Lane Child Development Center – students ages 3 to 5
- Bankbridge Elementary School – students to grade 6
- Bankbridge Regional School – students grades 6 to 12

4. Preschool Disabilities

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

5. Extended School Year

- Preschool Disabilities
- Behavior Disabilities
- Multiple Disabilities
- Auditory Disabilities

B. Other Cooperative Programs and Services

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

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

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

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

- e. Other Projects
 - 1. One-on-one Teacher Assistants Program

Special Education
Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2018-2019	604.1	-4.72%
2017-2018	634.1	-8.50%
2016-2017	693.0	-1.66%
2015-2016	704.7	-3.11%
2014-2015	727.3	-0.42%
2013-2014	730.4	-1.04%
2012-2013	738.1	1.08%
2011-2012	730.2	5.44%
2010-2011	692.5	-9.14%
2009-2010	762.2	1.40%

2) MAJOR INITIATIVES

A. Current Year Accomplishments

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

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

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

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

B. District Goals for 2018-2019

- Provide oversight for the development and implementation of a Comprehensive Facilities Plan that includes both short and long term Long Range Facilities & Maintenance Plans that address identified repairs and improves the management of energy resources of existing building assets of the Bankbridge Schools
- Develop and implement a Strategic Leadership Plan to address educational equity and enhance diversity-related educational opportunities and experiences for students, teachers, administrators and community members
- Enhance our school security plan by strengthening the safety and security of all in the school community
- Continue to explore expanding and developing partnerships with Rowan College South Jersey and appropriate medical institutions and enhanced vocational-technical programming
- Preparation for and successful completion of the QSAC review for the 2018-2019 school year
- Continue to maintain close supervision of fiscal operations and seek every opportunity to reduce operating costs through attrition and shared services

C. District Affiliations

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

3) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

4) BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assignments of fund balance at June 30, 2019.

5) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds.

6) CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in the "Notes to Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted

in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7) RISK MANAGEMENT

The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds, worker's compensation, disability, and student insurance. During 2017-2019 insurance coverage of the Gloucester County Special Services School District was carried via the New Jersey School Insurance Group, administered by Hardenbergh Insurance Group.

8) OTHER INFORMATION

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

9) ACKNOWLEDGMENTS

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

Respectfully submitted,



Michael C. Dicken
Superintendent



Amy Capriotti, CPA
Assistant Superintendent for Business/Board Secretary

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

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

****Amy Capriotti
Asst. Supt. for Business/Bd. Sec./SS**

Mary Hilley, Supervisor
Ed. Support Svcs./SS

Dana Lamonica,
Supervisor/CRESS/SS

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

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

Heather Worthington
Asst. Principal/BBE/SS

Ron Rutter, Principal
Secondary Prog./BBR/SS

Kathleen Monti
Asst. Principal/BBR/SS

Ralph Ross
Asst. Principal/BBR/SS

Christian Sedgewick
Asst. Principal/BBR/SS

Thomas Lombardo
Principal/BDC/SS

Margaret Daly, Asst. Prin.
BDC Annex/SS

Roseanne Carbonara Asst.
Principal/BDC/SS

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

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

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

****Joanna Egan, Supv.
Student Assessment / SS**

Karen D'Orazio, Dir.
Nonpublic Prog./SS

Joan Geraci, Director
Special Projects/SS

Kim Glazer, Director
SBYS/SS

****Kim Alexander, Director of
School to Careers /SS**

GCSSSD

Administrative Organization Chart

2018-2019 School Year

GCSSSD Administrators – SS
GCVTSD Administrators – VT

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

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

ROSTER OF OFFICIALS

JUNE 30, 2019

Members of the Board of Education

**Term
Expires**

Marlene A. McConnell, President	6/30/2020
Albert F. Frattali, Vice President	6/30/2021
Donna Ragonese	6/30/2019
John Robinson	6/30/2019
Robert Gadsby	6/30/2021
Erick (Eddie) Guerra	6/30/2020
Ave' Altersitz, Executive County Superintendent	

Other Officials

Michael Dicken, Superintendent

Brian P. Shakespeare, Assistant Superintendent of Curriculum and Assessment

Amy Capriotti, Assistant Superintendent for Business/Board Secretary

Lisa Finnegan, Director of Accounting

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

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorneys

Board Solicitor

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

Labor Attorney

Michael J. DiPiero, Esq.
Brown & Connery, LLP
360 Haddon Avenue
Westmont, New Jersey 08108

Construction Attorney

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

Official Depositories

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gloucester County Special Services School District, a component unit of the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gloucester County Special Services School District, a component unit of the County of Gloucester, State of New Jersey, as of June 30, 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 management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's pension contributions, and schedule of changes in the School District's total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019 on our consideration of the Gloucester County Special Services School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Gloucester County Special Services School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Gloucester County Special Services School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Woodbury, New Jersey
December 18, 2019

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the 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 Gloucester County Special Services School District, a component unit of the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 18, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Woodbury, New Jersey
December 18, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

**GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

The discussion and analysis of the Gloucester County Special Services School District's ("School District") annual financial performance provides an overall review of the School District's financial activities for the fiscal year that ended on June 30, 2019. The intent of this discussion and analysis is to review the School District's financial performance as a whole; readers are advised to read it in conjunction with the basic financial statements and the notes to the financial statements to enhance their understanding of the School District's performance.

The Management's Discussion and Analysis (MD&A) section of the Comprehensive Annual Financial Report ("CAFR") is an element of Required Supplementary Information specified in the Governmental Accounting Standard's Board's (GASB) Statement Number 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments that was issued in June 1999. Certain comparative information between the current year (2018-2019) and the prior year (2017-2018) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-2019 fiscal year are as follows:

- The total assets and deferred outflows of resources of the School District exceeded total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,795,621.96 (net position).
- The School District's net position decreased by \$1,211,077.70, approximately 17.28%, as a result of this year's operations. Net position of the governmental activities decreased \$2,083,833.56 and net position for the business-type activities increased by \$872,755.86. The decrease in net position of governmental activities can be attributed to the increase in the net pension liability for 2018-19. The net position of business-type activities experienced an increase that can be attributed in part to the change in the allocation of the net pension liability for 2018-19 due to the discontinuation of operation of three (3) enterprise funds.
- During the year, the School District generated \$35,510,038.04 in governmental fund revenues, which is an increase of \$742,249.67 compared with the School District's 2017-2018 revenues. The 2018-2019 general and special revenue fund revenues were made up of the county appropriation, tuition, federal and state grants, and other revenues. Expenditures exceeded revenues for the related programs by \$684,128.40.
- In the School District's business-type activities, operating revenues increased by \$1,985,225.03 to \$32,438,727.15, approximately 6.4%, while operating expenses increased \$880,592.77, which is approximately 2.83%.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

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

**GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

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

Reporting the School District as a Whole

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

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

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

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

Reporting the School District's Most Significant Funds

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

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

**GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net Position

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

The School District's net position at fiscal year-end June 30, 2019 is \$5,795,621.96. This is a \$1,211,077.70 decrease from last year's net position of \$7,006,699.66. The following table provides a summary of the School District's net position:

Summary of Net Position

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>	<u>% Change</u>
Current and Other Assets	\$ 14,859,247.43	\$ 15,243,845.95	\$ (384,598.52)	-2.52%
Capital Assets	<u>27,472,947.91</u>	<u>28,263,981.22</u>	<u>(791,033.31)</u>	<u>-2.80%</u>
Total Assets	<u>42,332,195.34</u>	<u>43,507,827.17</u>	<u>(1,175,631.83)</u>	<u>-2.70%</u>
Deferred Outflow of Resources - Related to Pensions	<u>7,612,759.01</u>	<u>11,031,227.02</u>	<u>(3,418,468.01)</u>	<u>-30.99%</u>
Long-Term Liabilities	31,038,795.13	37,157,759.20	(6,118,964.07)	-16.47%
Other Liabilities	<u>1,969,131.26</u>	<u>2,174,375.34</u>	<u>(205,244.08)</u>	<u>-9.44%</u>
Total Liabilities	<u>33,007,926.39</u>	<u>39,332,134.54</u>	<u>(6,324,208.15)</u>	<u>-16.08%</u>
Deferred Inflow of Resources - Related to Pensions	<u>11,141,406.00</u>	<u>8,200,219.99</u>	<u>2,941,186.01</u>	<u>35.87%</u>
Net Position:				
Net Investment in Capital Assets	27,404,262.43	28,116,986.12	(712,723.69)	-2.53%
Restricted	536,446.00	536,444.00	2.00	0.00%
Unrestricted (Deficit)	<u>(22,145,086.47)</u>	<u>(21,646,730.46)</u>	<u>(498,356.01)</u>	<u>2.30%</u>
Total Net Position	<u>\$ 5,795,621.96</u>	<u>\$ 7,006,699.66</u>	<u>\$ (1,211,077.70)</u>	<u>-17.28%</u>

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

Statement of Net Position - Effect of Pension Related Items

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 7,612,759.01	\$ 11,031,227.02	\$ (3,418,468.01)	-30.99%
Less: Net Pension Liability	(30,199,808.01)	(43,571,390.38)	13,371,582.37	-30.69%
Less: Deferred Inflows Related to Pensions	<u>(11,141,406.00)</u>	<u>(8,200,219.99)</u>	<u>(2,941,186.01)</u>	<u>35.87%</u>
	<u>\$ (33,728,455.00)</u>	<u>\$ (40,740,383.35)</u>	<u>\$ 7,011,928.35</u>	<u>-17.21%</u>

The School District reported a positive net position of \$10,058,978.03 for governmental activities and a negative net position of \$4,263,356.07 in the business-type activities. Net position decreased \$2,083,833.56 for governmental activities and increased by \$872,755.86 for business-type activities.

The decrease in net position of governmental activities and business-type activities is primarily the result of the adjustment of pension expense for fiscal year 2018-19 in accordance with GASB 68.

**GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Changes in Net position

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

Summary of Changes in Net Position

Revenues:	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 34,015,423.13	\$ 31,867,922.24	\$ 2,147,500.89	6.74%
Federal & State Categorical Grants	14,525,871.11	18,649,407.87	(4,123,536.76)	-22.11%
General Revenues:				
County Appropriation	800,000.00	713,078.00	86,922.00	12.19%
Federal & State Grants	82,580.28	136,150.93	(53,570.65)	-39.35%
Tuition & Fees	27,050,314.29	27,691,730.10	(641,415.81)	-2.32%
Other	356,661.28	280,858.45	75,802.83	26.99%
Total Revenues	<u>76,830,850.09</u>	<u>79,339,147.59</u>	<u>(2,508,297.50)</u>	<u>-3.16%</u>
Expenses:				
Instruction:				
Special Education	11,571,368.12	11,789,476.06	(218,107.94)	-1.85%
Other Special Instruction	91,908.96	405,434.42	(313,525.46)	-77.33%
Student Services:				
Student and Instruction Related	7,489,863.11	7,032,416.85	457,446.26	6.50%
General Administrative Services	309,426.04	320,648.71	(11,222.67)	-3.50%
School Administrative Services	1,409,149.79	1,477,772.54	(68,622.75)	-4.64%
Central Services	2,106,063.07	2,141,938.93	(35,875.86)	-1.67%
Plant Operations and Maintenance	2,947,099.46	3,033,161.09	(86,061.63)	-2.84%
Pupil Transportation	32,044.61	53,293.77	(21,249.16)	-39.87%
Unallocated Benefits	19,866,856.50	24,482,665.65	(4,615,809.15)	-18.85%
Unallocated Depreciation	271,981.49	305,783.72	(33,802.23)	-11.05%
Food Service	474,322.94	473,897.71	425.23	0.09%
Other Enterprise Funds	31,471,843.70	30,591,676.16	880,167.54	2.88%
Total Expenses	<u>78,041,927.79</u>	<u>82,108,165.61</u>	<u>(4,066,237.82)</u>	<u>-4.95%</u>
Increase (Decrease) in Net Position	<u>(1,211,077.70)</u>	<u>(2,769,018.02)</u>	<u>1,557,940.32</u>	<u>-56.26%</u>
Beginning Net Position	<u>7,006,699.66</u>	<u>9,775,717.68</u>	<u>(2,769,018.02)</u>	<u>-28.33%</u>
Ending Net Position	<u>\$ 5,795,621.96</u>	<u>\$ 7,006,699.66</u>	<u>\$ (1,211,077.70)</u>	<u>-17.28%</u>

THE SCHOOL DISTRICT'S FUNDS

Governmental funds reported ending fund balances of \$4,563,379.22. Of this year-end total, \$1,905,680.75 is unassigned and \$2,121,252.47 is assigned, with \$14,653.47 of the assigned fund balance committed to liquidate encumbrances, and \$2,106,599.00 designated for subsequent year's expenditures. Restricted fund balances total \$536,446.00, with \$127,106.00 available in the capital reserve account and \$409,340.00 available in the maintenance reserve account.

**GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

GENERAL FUND BUDGETARY HIGHLIGHTS

The revenue for the General Fund was less than anticipated in the budget due to a decrease in student enrollment. Reimbursements for pension and Social Security contributions of \$4,996,228.04 are non-budgeted items in both revenues and appropriations.

CAPITAL ASSETS

The School District's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2019, was \$27,176,550.58 and \$296,397.33 respectively. See Note 6 for additional information about changes in capital assets during the fiscal year.

Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Governmental Activities:		
Land	\$ 230,052.00	\$ 230,052.00
Furniture, Fixtures and Equipment	1,221,432.20	1,371,232.41
Building and Improvements	25,676,161.13	26,267,203.97
Land Improvements	<u>48,905.25</u>	<u>51,819.81</u>
Total Capital Assets	<u>\$ 27,176,550.58</u>	<u>\$ 27,920,308.19</u>
Business-type Activities:		
Furniture, Fixtures and Equipment	\$ 275,430.58	\$ 322,278.36
Building and Improvements	<u>20,966.75</u>	<u>21,394.67</u>
Total Capital Assets	<u>\$ 296,397.33</u>	<u>\$ 343,673.03</u>

ECONOMIC CONDITION AND OUTLOOK

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

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

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

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

**GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Statement of Net Position

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 2,882,035.30	\$ 4,335,618.12	\$ 7,217,653.42
Receivables, net	1,518,714.68	5,578,102.52	7,096,817.20
Inventory		8,330.81	8,330.81
Restricted Assets:			
Restricted Cash and Cash Equivalents:			
Capital Reserve Account	127,106.00		127,106.00
Maintenance Reserve Account	409,340.00		409,340.00
Capital Assets, net (Note 6)	<u>27,176,550.58</u>	<u>296,397.33</u>	<u>27,472,947.91</u>
Total Assets	<u>32,113,746.56</u>	<u>10,218,448.78</u>	<u>42,332,195.34</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	<u>4,491,527.81</u>	<u>3,121,231.20</u>	<u>7,612,759.01</u>
LIABILITIES:			
Accounts Payable	246,378.78		246,378.78
Accounts Payable - Related to Pensions	850,722.77	591,180.24	1,441,903.01
Accrued Salary and Benefits	77,751.67	61,958.05	139,709.72
Payable to Other Governments	11,919.53		11,919.53
Unearned Revenue	37,766.78		37,766.78
Noncurrent Liabilities:			
Due within One Year	91,453.44		91,453.44
Due beyond One Year	<u>18,656,873.83</u>	<u>12,381,921.30</u>	<u>31,038,795.13</u>
Total Liabilities	<u>19,972,866.80</u>	<u>13,035,059.59</u>	<u>33,007,926.39</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	<u>6,573,429.54</u>	<u>4,567,976.46</u>	<u>11,141,406.00</u>
NET POSITION:			
Net Investment in Capital Assets	27,107,865.10	296,397.33	27,404,262.43
Restricted for:			
Capital	127,106.00		127,106.00
Maintenance	409,340.00		409,340.00
Unrestricted (Deficit)	<u>(17,585,333.07)</u>	<u>(4,559,753.40)</u>	<u>(22,145,086.47)</u>
Total Net Position (Deficit)	<u>\$ 10,058,978.03</u>	<u>\$ (4,263,356.07)</u>	<u>\$ 5,795,621.96</u>

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

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2019

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction:						
Special Education	\$ 11,571,368.12		\$ 312,441.94	\$ (11,258,926.18)		\$ (11,258,926.18)
Other Special Instruction	91,908.96			(91,908.96)		(91,908.96)
Support Services:						
Student and Instruction Related Services	7,489,863.11		1,911,812.21	(5,578,050.90)		(5,578,050.90)
General Administration	309,426.04			(309,426.04)		(309,426.04)
School Administration	1,409,149.79			(1,409,149.79)		(1,409,149.79)
Central Services	2,106,063.07	\$ 1,856,907.90		(249,155.17)		(249,155.17)
Plant Operations and Maintenance	2,947,099.46			(2,947,099.46)		(2,947,099.46)
Pupil Transportation	32,044.61			(32,044.61)		(32,044.61)
Unallocated Benefits	19,866,856.50		12,021,405.04	(7,845,451.46)		(7,845,451.46)
Unallocated Depreciation	271,981.49			(271,981.49)		(271,981.49)
Total Governmental Activities	46,095,761.15	1,856,907.90	14,245,659.19	(29,993,194.06)	-	(29,993,194.06)
Business-Type Activities:						
Food Service	474,322.94	198,066.41	248,459.79		\$ (27,796.74)	(27,796.74)
Enterprise Other	31,471,843.70	31,960,448.82	31,752.13		520,357.25	520,357.25
Total Business-Type Activities	31,946,166.64	32,158,515.23	280,211.92	-	492,560.51	492,560.51
Total Government	\$ 78,041,927.79	\$ 34,015,423.13	\$ 14,525,871.11	(29,993,194.06)	492,560.51	(29,500,633.55)
General Revenues and Transfers:						
County Appropriation				800,000.00		800,000.00
Tuition - LEA's		28,289,555.85		26,129,199.65		26,129,199.65
Nonresident Fees				921,114.64		921,114.64
Miscellaneous Income				356,661.28		356,661.28
Federal and State Aid Not Restricted				82,580.28		82,580.28
Transfers:						
General Fund Transfers				134,444.21	(134,444.21)	
Net Capital Asset Transfer				3,233.32	(3,233.32)	
Other Equity Transfer				(517,872.88)	517,872.88	
Total General Revenues and Transfers				27,909,360.50	380,195.35	28,289,555.85
Change in Net Position				(2,083,833.56)	872,755.86	(1,211,077.70)
Net Position (Deficit) -- July 1				12,142,811.59	(5,136,111.93)	7,006,699.66
Net Position (Deficit) -- June 30				\$ 10,058,978.03	\$ (4,263,356.07)	\$ 5,795,621.96

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

FUND FINANCIAL STATEMENTS

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Governmental Funds
Balance Sheet
June 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 2,882,035.30		\$ 2,882,035.30
Accounts Receivable:			
State	48,731.54		48,731.54
Federal		\$ 1,071,718.19	1,071,718.19
Other		54,285.40	54,285.40
Tuition	337,850.10		337,850.10
Interfunds Receivable:			
Special Revenue Fund	832,005.87		832,005.87
Payroll Agency Fund	6,129.45		6,129.45
Restricted Cash and Cash Equivalents:			
Cash - Capital Reserve Account	127,106.00		127,106.00
Cash - Maintenance Reserve Account	409,340.00		409,340.00
Total Assets	<u>\$ 4,643,198.26</u>	<u>\$ 1,126,003.59</u>	<u>\$ 5,769,201.85</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 35,469.67	\$ 210,909.11	\$ 246,378.78
Accrued Salary and Benefits	32,429.84	45,321.83	77,751.67
Interfunds Payable:			
General Fund		832,005.87	832,005.87
Payable to Other Governments	11,919.53		11,919.53
Unearned Revenue		37,766.78	37,766.78
Total Liabilities	<u>79,819.04</u>	<u>1,126,003.59</u>	<u>1,205,822.63</u>
Fund Balances:			
Restricted:			
Capital Reserve Account	127,106.00		127,106.00
Maintenance Reserve Account	409,340.00		409,340.00
Assigned:			
Other Purpose	14,653.47		14,653.47
Subsequent Year's Expenditures	2,106,599.00		2,106,599.00
Unassigned:			
General Fund	1,905,680.75		1,905,680.75
Total Fund Balances	<u>4,563,379.22</u>	<u>-</u>	<u>4,563,379.22</u>
Total Liabilities and Fund Balances	<u>\$ 4,643,198.26</u>	<u>\$ 1,126,003.59</u>	

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Governmental Funds

Balance Sheet

June 30, 2019

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$39,810,548.89 and the accumulated depreciation is \$12,637,231.63.	\$ 27,176,550.58
Long-term liabilities, including compensated absences and capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(930,440.55)
Net Pension Liability	(17,817,886.72)
Accounts Payable related to the April 1, 2020 Required PERS pension contribution that is not to be liquidated with current financial resources.	(850,722.77)
Deferred Outflows of Resources - Related to Pensions	4,491,527.81
Deferred Inflows of Resources - Related to Pensions	<u>(6,573,429.54)</u>
Net Position of Governmental Activities	<u><u>\$ 10,058,978.03</u></u>

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

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES:			
County Appropriation	\$ 800,000.00		\$ 800,000.00
Tuition - LEAs	26,129,199.65		26,129,199.65
Nonresident Fees	921,114.64		921,114.64
Interest Earned on Capital Reserve Funds	1.00		1.00
Interest Earned on Maintenance Reserve Funds	1.00		1.00
Miscellaneous	276,935.32	\$ 79,723.96	356,659.28
State Sources	4,996,228.04	297,105.00	5,293,333.04
Federal Sources	151,504.24	1,858,225.19	2,009,729.43
Total Revenues	33,274,983.89	2,235,054.15	35,510,038.04
EXPENDITURES:			
Current:			
Special Education Instruction	11,097,137.92	312,441.94	11,409,579.86
Other Special Instruction	91,908.96		91,908.96
Support Services and Undistributed Costs:			
Student and Instruction Related Services	5,569,007.47	1,911,812.21	7,480,819.68
General Administration	263,789.87		263,789.87
School Administration	1,408,925.34		1,408,925.34
Central Services	249,155.17		249,155.17
Plant Operations and Maintenance	2,628,225.06		2,628,225.06
Pupil Transportation	20,242.31		20,242.31
Unallocated Benefits	7,494,622.96		7,494,622.96
On-Behalf Pension Contributions	3,987,458.00		3,987,458.00
Reimbursed TPAF Social Security Contributions	1,008,770.04		1,008,770.04
Capital Outlay	139,869.19	10,800.00	150,669.19
Total Expenditures	33,959,112.29	2,235,054.15	36,194,166.44
Excess (Deficiency) of Revenues over Expenditures	(684,128.40)	-	(684,128.40)
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	134,444.21		134,444.21
Total Other Financing Sources and Uses	134,444.21	-	134,444.21
Net Change in Fund Balances	(549,684.19)	-	(549,684.19)
Fund Balance -- July 1	5,113,063.41		5,113,063.41
Fund Balance -- June 30	\$ 4,563,379.22	\$ -	\$ 4,563,379.22

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

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2019

Total Net Change in Fund Balances - Governmental Funds		\$ (549,684.19)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (897,660.15)	
Capital Outlays	150,669.19	
Capital Contributions	<u>3,233.32</u>	(743,757.64)
Repayment of obligations under capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		78,309.62
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		111,673.36
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		<u>(980,374.71)</u>
Change in Net Position of Governmental Activities		<u><u>\$ (2,083,833.56)</u></u>

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

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Proprietary Funds
Combining Statement of Net Position
June 30, 2019

	Business - Type Activities - Enterprise Funds			Governmental Activities -
	Food Service	Other Enterprise Funds	Total	Internal Service Fund
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 66,880.17	\$ 4,268,737.95	\$ 4,335,618.12	
Intergovernmental Accounts Receivable:				
State	227.70		227.70	
Federal	11,753.80		11,753.80	
Other		5,566,121.02	5,566,121.02	
Inventories	8,330.81		8,330.81	
Total Current Assets	87,192.48	9,834,858.97	9,922,051.45	-
Noncurrent Assets:				
Capital Assets, Net	31,586.91	264,810.42	296,397.33	
Total Assets	118,779.39	10,099,669.39	10,218,448.78	-
DEFERRED OUTFLOWS OF RESOURCES:				
Related to Pensions (Note 8)		3,121,231.20	3,121,231.20	
LIABILITIES:				
Current Liabilities:				
Accounts Payable - Related to Pensions		591,180.24	591,180.24	
Total Current Liabilities	-	653,138.29	653,138.29	-
Noncurrent Liabilities:				
Due beyond One Year		12,381,921.30	12,381,921.30	
Total Liabilities	-	13,035,059.59	13,035,059.59	-
DEFERRED INFLOWS OF RESOURCES:				
Related to Pensions (Note 8)		4,567,976.46	4,567,976.46	
NET POSITION:				
Net Investment in Capital Assets	31,586.91	264,810.42	296,397.33	
Unrestricted (Deficit)	87,192.48	(4,646,945.88)	(4,559,753.40)	
Total Net Position (Deficit)	\$ 118,779.39	\$ (4,382,135.46)	\$ (4,263,356.07)	\$ -

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

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2019

	Business - Type Activities - Enterprise Funds			Governmental Activities -
	<u>Food Service</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
OPERATING REVENUES:				
Local Sources				
Daily Sales - Reimbursable Programs	\$ 154,244.68		\$ 154,244.68	
Daily Sales - Non-Reimbursable Programs	21,484.43		21,484.43	
Special Functions	22,337.30		22,337.30	
Fees for Services		\$ 31,960,448.82	31,960,448.82	\$ 1,856,907.90
Total Operating Revenues	<u>198,066.41</u>	<u>31,960,448.82</u>	<u>32,158,515.23</u>	<u>1,856,907.90</u>
OPERATING EXPENSES:				
Cost of Goods Sold - Reimbursable Programs	174,411.00		174,411.00	
Cost of Goods Sold - Non-Reimbursable Programs	17,889.03		17,889.03	
Salaries		10,551,030.07	10,551,030.07	1,856,907.90
Employee Benefits		5,357,665.06	5,357,665.06	
Purchased Professional/Educational Services		1,220,971.73	1,220,971.73	
Purchased Professional/Professional Services		296,601.39	296,601.39	
Purchased Professional/Technical Services	1,149.00	86,400.50	87,549.50	
Other Purchased Services	226,076.26	86,389.72	312,465.98	
Contracted Services	27,000.00	13,563,251.06	13,590,251.06	
Printing and Binding		6,290.25	6,290.25	
Commercial Liability		2,650.00	2,650.00	
Miscellaneous Purchased Services		3,132.38	3,132.38	
Operations and Maintenance		8,602.18	8,602.18	
Travel		27,508.88	27,508.88	
Advertisement		5,326.81	5,326.81	
Supplies and Materials	1,458.29	88,130.70	89,588.99	
Textbooks		84,934.01	84,934.01	
Miscellaneous Expenditures	20,142.80		20,142.80	
Rental of Land and Buildings		25,000.00	25,000.00	
Other Objects		9,576.14	9,576.14	
Depreciation	6,196.56	48,382.82	54,579.38	
Total Operating Expenses	<u>474,322.94</u>	<u>31,471,843.70</u>	<u>31,946,166.64</u>	<u>1,856,907.90</u>
Operating Gain/ (Loss)	<u>(276,256.53)</u>	<u>488,605.12</u>	<u>212,348.59</u>	<u>-</u>

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2019

	Business - Type Activities - Enterprise Funds			Governmental Activities -
	<u>Food Service</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
NONOPERATING REVENUES (EXPENSES):				
State Source:				
State School Lunch Program	\$ 4,168.87		\$ 4,168.87	
Federal Source:				
National School Lunch Program	134,158.96		134,158.96	
National School Breakfast Program	77,996.56		77,996.56	
Food Distribution Program	32,135.40		32,135.40	
Migrant Summer Food Program		\$ 31,752.13	31,752.13	
Total Nonoperating Revenues (Expenses)	<u>248,459.79</u>	<u>31,752.13</u>	<u>280,211.92</u>	
Income (Loss) Before Transfers	(27,796.74)	520,357.25	492,560.51	-
Transfers (To) / From Other Funds:				
General Fund Transfers		(134,444.21)	(134,444.21)	
Net Capital Asset Transfer		(3,233.32)	(3,233.32)	
Other Equity Transfer		517,872.88	517,872.88	
Net Income/(Loss)	<u>(27,796.74)</u>	<u>900,552.60</u>	<u>872,755.86</u>	-
Change in Net Position	(27,796.74)	900,552.60	872,755.86	-
Net Position (Deficit) -- July 1	<u>146,576.13</u>	<u>(5,282,688.06)</u>	<u>(5,136,111.93)</u>	
Net Position (Deficit) -- June 30	<u>\$ 118,779.39</u>	<u>\$ (4,382,135.46)</u>	<u>\$ (4,263,356.07)</u>	<u>\$ -</u>

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

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2019

	Business - Type Activities - Enterprise Funds			Governmental Activities -
	Food Service	Other Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 198,066.41	\$ 32,151,631.32	\$ 32,349,697.73	\$ 1,856,907.90
Payments to Employees		(10,514,237.64)	(10,514,237.64)	(1,877,112.56)
Payments for Employee Benefits		(5,640,921.34)	(5,640,921.34)	
Payments to Suppliers	(435,398.12)	(15,542,991.43)	(15,978,389.55)	
Net Cash Provided by (used for) Operating Activities	<u>(237,331.71)</u>	<u>453,480.91</u>	<u>216,149.20</u>	<u>(20,204.66)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers (To) / From Other Funds		(134,444.21)	(134,444.21)	
Cash Received from State & Federal Reimbursements	250,836.35	31,752.13	282,588.48	
Net Cash Provided by Non-Capital Financing Activities	<u>250,836.35</u>	<u>(102,692.08)</u>	<u>148,144.27</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	13,504.64	350,788.83	364,293.47	(20,204.66)
Cash and Cash Equivalents -- July 1	53,375.53	3,917,949.12	3,971,324.65	20,204.66
Cash and Cash Equivalents -- June 30	<u>\$ 66,880.17</u>	<u>\$ 4,268,737.95</u>	<u>\$ 4,335,618.12</u>	<u>\$ -</u>
Analysis of Cash Balance at June 30				
Cash and Equivalents	\$ 66,880.17	\$ 4,275,358.91	\$ 4,342,239.08	
Cash Deficit		(6,620.96)	(6,620.96)	
	<u>\$ 66,880.17</u>	<u>\$ 4,268,737.95</u>	<u>\$ 4,335,618.12</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Operating Income/(Loss)	\$ (276,256.53)	\$ 488,605.12	\$ 212,348.59	
Adjustments to Reconcile Operating Income/(Loss) to Cash provided/(Used) by Operating Activities:				
Change in Assets & Liabilities:				
Depreciation	6,196.56	48,382.82	54,579.38	
Food Distribution Program	32,135.40		32,135.40	
(Increase)/Decrease in Capital Assets		(10,537.00)	(10,537.00)	
(Increase)/Decrease in Other Accounts Receivable		191,182.50	191,182.50	
(Increase)/Decrease in Inventory	592.86		592.86	
Increase/(Decrease) in Accounts Payable		(9,618.65)	(9,618.65)	\$ (20,204.66)
Increase/(Decrease) in Accrued Salaries and Benefits		29,002.26	29,002.26	
Increase/(Decrease) in Accrued Liabilities Related to Pension		(283,536.14)	(283,536.14)	
Net Cash Provided by (used for) Operating Activities	<u>\$ (237,331.71)</u>	<u>\$ 453,480.91</u>	<u>\$ 216,149.20</u>	<u>\$ (20,204.66)</u>

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

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2019

	<u>Private-Purpose Trust Funds</u>		<u>Agency Funds</u>	
	<u>Donations Trust Fund</u>	<u>Scholarship Trust Fund</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 195,923.15	\$ 1,745.45	\$ 86,930.54	\$ 191,421.94
Total Assets	<u>195,923.15</u>	<u>1,745.45</u>	<u>\$ 86,930.54</u>	<u>\$ 191,421.94</u>
LIABILITIES:				
Due to Student Groups			\$ 86,930.54	
Accrued Salary and Wages Payable				\$ 184,492.93
Payroll Deductions and Withholdings				799.56
Accounts Payable	5,604.67			
Interfund Accounts Payable				<u>6,129.45</u>
Total Liabilities	<u>5,604.67</u>	<u>-</u>	<u>\$ 86,930.54</u>	<u>\$ 191,421.94</u>
NET POSITION:				
Held in Trust:				
For Students	190,318.48			
For Scholarship Funds		<u>1,745.45</u>		
Total Net Position	<u>\$ 190,318.48</u>	<u>\$ 1,745.45</u>		

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

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2019

	<u>Private-Purpose Trust Funds</u>	
	<u>Donations Trust</u>	<u>Scholarship Trust</u>
ADDITIONS:		
Local Sources:		
Gifts and Contributions	\$ 18,499.90	_____
Total Additions	<u>18,499.90</u>	<u>-</u>
DEDUCTIONS:		
Expenditures	<u>47,797.32</u>	_____
Total Deductions	<u>47,797.32</u>	<u>-</u>
Change in Net Position	(29,297.42)	-
Net Position, July 1	<u>219,615.90</u>	<u>\$ 1,745.45</u>
Net Position, June 30	<u>\$ 190,318.48</u>	<u>\$ 1,745.45</u>

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

GLOUCESTER COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The School District is a Type I district located in the County of Gloucester, State of New Jersey. As a Type I district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of seven members, six members are appointed by the Director of the Board of Chosen Freeholders, and the seventh member is the County School Superintendent. The purpose of the School District is to provide quality programs of special education and related services that meet the needs of students with disabilities from the preschool years through age 21. The District also provides a wide range of quality educational programs and administrative services to public school districts and their boards of education. The School District has an approximate enrollment at June 30, 2019 of 589.

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

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The School District reports the following major governmental funds:

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

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

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

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

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

The School District reports the following major proprietary funds:

Enterprise Funds**Enterprise Funds**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department to another on a cost reimbursement basis. The School District maintains two internal service funds, one for transportation, and another for maintenance.

Additionally, the School District reports the following fund types.

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

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

The School District maintains the following fiduciary funds:

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

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

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

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

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

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

Budgets / Budgetary Control

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

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

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

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

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

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

Cash, Cash Equivalents and Investments

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

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

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

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

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

Tuition Receivable

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2019. The School District had no prepaid expenses for the fiscal year ended June 30, 2019.

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

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

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

The School District does not possess any infrastructure assets.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources**

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

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

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2019 and 2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

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

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

Interfund Activity

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

Accounting Estimates

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

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

The GASB has issued the following Statements that will become effective for the School District for fiscal years ending after June 30, 2019:

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2020. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

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

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the School District in the fiscal year ending June 30, 2021. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2019, the School District's bank balances of \$9,232,051.26 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 8,820,170.31
Uninsured and Uncollateralized	<u>411,880.95</u>
Total	<u><u>\$ 9,232,051.26</u></u>

New Jersey Cash Management Fund - During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2019, the School District's deposits with the New Jersey Cash Management Fund were \$216,156.64.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$10,000.00 on September 20, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

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

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

Beginning Balance, July 1, 2018	\$ 127,105.00
Increased by:	
Interest Earnings	<u>1.00</u>
Ending Balance, June 30, 2019	<u>\$ 127,106.00</u>

The June 30, 2019 LRFP balance of local support costs of uncompleted projects exceeds the capital reserve balance at June 30, 2019.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019 consisted of accounts (fees for services) and intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

Description	Governmental Funds			Proprietary Funds			Total
	General Fund	Special Revenue Fund	Total Governmental Activities	Food Service Fund	Proprietary Fund	Total Business-Type Activities	
Federal Awards		\$ 1,071,718.19	\$ 1,071,718.19	\$ 11,753.80		\$ 11,753.80	\$ 1,083,471.99
State Awards	\$ 48,731.54		48,731.54	227.70		227.70	48,959.24
Tuition Charges	337,850.10		337,850.10				337,850.10
Provided Services					\$ 5,566,121.02	5,566,121.02	5,566,121.02
Other	838,135.32	54,285.40	892,420.72				892,420.72
	<u>\$ 1,224,716.96</u>	<u>\$ 1,126,003.59</u>	<u>\$ 2,350,720.55</u>	<u>\$ 11,981.50</u>	<u>\$ 5,566,121.02</u>	<u>\$ 5,578,102.52</u>	<u>\$ 7,928,823.07</u>

Note 5: INVENTORY

Inventory recorded at June 30, 2019 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 7,227.62
Supplies	<u>1,103.19</u>
	<u>\$ 8,330.81</u>

Note 6: CAPITAL ASSETS

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

	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Transfers</u>	<u>Balance June 30, 2019</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 230,052.00			\$ 230,052.00
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	4,828,479.84	\$ 150,669.22	\$ 348,163.64	5,327,312.70
Buildings and Improvements	34,536,284.83			34,536,284.83
Land Improvements	65,063.00			65,063.00
Total Capital Assets, being Depreciated	39,429,827.67	150,669.22	348,163.64	39,928,660.53
Total Capital Assets, Cost	39,659,879.67	150,669.22	348,163.64	40,158,712.53
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(3,457,247.43)	(303,702.75)	(344,930.32)	(4,105,880.50)
Buildings and Improvements	(8,269,080.86)	(591,042.84)		(8,860,123.70)
Land Improvements	(13,243.19)	(2,914.56)		(16,157.75)
Total Accumulated Depreciation	(11,739,571.48)	(897,660.15)	(344,930.32)	(12,982,161.95)
Total Capital Assets, being Depreciated, Net	27,690,256.19	(746,990.93)	3,233.32	26,946,498.58
Governmental Activities Capital Assets, Net	<u>\$ 27,920,308.19</u>	<u>\$ (746,990.93)</u>	<u>\$ 3,233.32</u>	<u>\$ 27,176,550.58</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	\$ 1,439,552.09	\$ 10,537.00	\$ (348,163.64)	\$ 1,101,925.45
Buildings and Improvements	58,588.00			58,588.00
Total Capital Assets, being Depreciated	1,498,140.09	10,537.00	(348,163.64)	1,160,513.45
Total Capital Assets, Cost	1,498,140.09	10,537.00	(348,163.64)	1,160,513.45
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(1,117,273.73)	(54,151.46)	344,930.32	(826,494.87)
Buildings and Improvements	(37,193.33)	(427.92)		(37,621.25)
Total Accumulated Depreciation	(1,154,467.06)	(54,579.38)	344,930.32	(864,116.12)
Total Capital Assets, being Depreciated, Net	343,673.03	(44,042.38)	(3,233.32)	296,397.33
Business-Type Activities Capital Assets, Net	<u>\$ 343,673.03</u>	<u>\$ (44,042.38)</u>	<u>\$ (3,233.32)</u>	<u>\$ 296,397.33</u>

Note 6: CAPITAL ASSETS (CONT'D)

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

Governmental Activities:

Instruction-Special	\$ 119,915.64
Instruction-Vocational	13,255.03
Instruction-Other	27,649.22
Instruction-NonPublic	74.86
Instruction -Community Services Programs/Operations	893.51
Support-Students	8,729.99
Support-Instruction Staff	313.44
Support-Gen Admin	45,636.17
Support-School Admin	224.45
Support-Plant Ops	397,184.05
Suupport-Pupil Trans	11,802.30
Support-Business/Other	271,981.49

Total Depreciation Expense - Governmental Activities	<u>\$ 897,660.15</u>
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Business-Type Activities:

Food Service	\$ 6,196.56
Cress	7,231.83
Non Public	22,332.34
Cooperative Transportation	18,132.48
Computer Services	686.17

Total Depreciation Expense - Business-Type Activities	<u>\$ 54,579.38</u>
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Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Obligations under Capital Lease	\$ 146,995.10		\$ (78,309.62)	\$ 68,685.48	\$ 68,685.48
Compensated Absences	973,428.43	\$ 118,361.95	(230,035.31)	861,755.07	22,767.96
Net Pension Liability (note 8)	20,407,023.13	10,116,290.14	(12,705,426.55)	17,817,886.72	
Total Other Liabilities	<u>21,527,446.66</u>	<u>10,234,652.09</u>	<u>(13,013,771.48)</u>	<u>18,748,327.27</u>	<u>91,453.44</u>
Governmental Activities Long-Term Liabilities	<u>\$ 21,527,446.66</u>	<u>\$ 10,234,652.09</u>	<u>\$ (13,013,771.48)</u>	<u>\$ 18,748,327.27</u>	<u>\$ 91,453.44</u>

The obligations under capital lease, compensated absences, net pension liability, and other postemployment benefits are generally liquidated by the general fund.

Note 7: LONG-TERM LIABILITIES (CONT'D)

During the fiscal year ended June 30, 2019, the following changes occurred in long-term obligations for business-type activities:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due within</u> <u>One Year</u>
Business-Type Activities:					
Other Liabilities:					
Net Pension Liability (note 8)	\$ 15,711,602.19	\$ 5,959,390.86	\$ (9,289,071.75)	\$ 12,381,921.30	
Business-Type Activities Long-Term Liabilities	<u>\$ 15,711,602.19</u>	<u>\$ 5,959,390.86</u>	<u>\$ (9,289,071.75)</u>	<u>\$ 12,381,921.30</u>	<u>\$ -</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 68,685.48	\$ 1,775.32	\$ 70,460.80

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

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

Postemployment Benefits - For details on other postemployment benefits, refer to note 9. The School District's contributions to the postemployment benefits plan are budgeted and paid from the general fund.

Note 8: PENSION PLANS

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

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

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans****Plan Descriptions**

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

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

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

Vesting and Benefit Provisions

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

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

Teachers' Pension and Annuity Fund (Cont'd) - The following represents the membership tiers for TPAF:

Tier Definition

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

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

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

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

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

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

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

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

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.50% in State fiscal year 2019. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

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

The School District's contractually required contribution rate for the fiscal year ended June 30, 2019 was 14.00% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2019 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2019 was \$1,973,655.00, and was paid by April 1, 2019. School District employee contributions to the Plan during the fiscal year ended June 30, 2019 were \$1,065,835.33

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.50% in State fiscal year 2019. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10%. Employer contribution amounts are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2019 was 14.51% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2018, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2019 was \$1,441,903.00, and was paid by April 1, 2019. School District employee contributions to the Plan during the fiscal year ended June 30, 2019 were \$753,027.38.

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

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

For the fiscal year ended June 30, 2019, employee contributions totaled \$39,170.68, and the School District recognized pension expense, which equaled the required contributions, of \$21,423.68. There were no forfeitures during the fiscal year.

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

Teachers' Pension and Annuity Fund - At June 30, 2019, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

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

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	83,061,214.00
	<u>\$ 83,061,214.00</u>

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 July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. For the June 30, 2018 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2018, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2018 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .1305627447%, which was a decrease of .0060445755% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the School District recognized \$4,842,178.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2018 measurement date.

Public Employees' Retirement System - At June 30, 2019, the School District reported a liability of \$30,199,808.00 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 July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

Public Employees' Retirement System (Cont'd) - For the June 30, 2018 measurement date, the School District's proportion was .1533802555%, which was a decrease of .0017791302% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the School District recognized pension expense of \$1,731,402.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2018 measurement date.

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 575,915.00	\$ 155,720.00
Changes of Assumptions	4,976,428.00	9,656,293.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	283,275.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	618,513.00	1,046,118.00
School District Contributions Subsequent to the Measurement Date	<u>1,441,903.00</u>	<u>-</u>
	<u>\$ 7,612,759.00</u>	<u>\$ 11,141,406.00</u>

\$1,441,903.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2020. 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 Ending June 30,</u>	
2020	\$ 240,075.00
2021	(313,247.00)
2022	(2,310,631.00)
2023	(1,964,246.00)
2024	<u>(622,501.00)</u>
	<u>\$ (4,970,550.00)</u>

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

Public Employees' Retirement System (Cont'd) - The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	5.00
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

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

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 July 1, 2017. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.25%	2.25%
Salary Increases:		
Through 2026	1.55% - 4.15% Based on Yrs. of Service	1.65% - 4.15% Based on Age
Thereafter	2.00% - 5.45% Based on Yrs. of Service	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

For TPAF, 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.

For PERS, preretirement 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. Postretirement 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. 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 modified 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).

For TPAF and PERS, 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.

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd) - Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
	<u>100.00%</u>	

Discount Rate - The discount rates used to measure the total pension liability at June 30, 2018 were 4.86% and 5.66% for TPAF and PERS, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, 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 rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined amount for TPAF and PERS and the local employers contributed 100% of the actuarially determined amount for PERS. 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 for TPAF and 2046 for PERS. Therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for TPAF and 2046 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2018, the Plan's measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.86%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	TPAF		
	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	98,176,778.00	83,061,214.00	70,530,780.00
	<u>\$ 98,176,778.00</u>	<u>\$ 83,061,214.00</u>	<u>\$ 70,530,780.00</u>

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2018, the Plan's measurement date, calculated using a discount rate of 5.66%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
School District's Proportionate Share of the Net Pension Liability	\$ 37,972,779.00	\$ 30,199,808.00	\$ 23,678,782.00

Pension Plan Fiduciary Net Position

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

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN****General Information about the OPEB Plan**

Plan Description and Benefits Provided - The State Health Benefit Local Education Retired Employees Plan (the "OPEB Plan") is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 - *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the "Division") and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publically available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

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

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

Contributions - The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the "State") in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms - At June 30, 2018, the OPEB Plan's Measurement date, the entire State Health Benefit Local Education Retired Employees OPEB Plan consisted of the following members.

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but Not Yet Receiving Benefit Payments	-
	<u>362,181</u>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the OPEB Plan for qualified retired TPAF, PERS, PFRS and ABP participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2019 was \$85,732,588.00. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total Non-Employer OPEB Liability.

The total Non-Employer OPEB Liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. For the June 30, 2018 measurement date, the State's proportionate share of the Non-Employer OPEB Plan Liability associated with the School District was .1859272159%, which was a decrease of .0028933072% from its proportion measured as of June 30, 2017.

Actuarial Assumptions and Other Inputs - The actuarial assumptions and other inputs vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2017 used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases -

	<u>TPAF/ABP (1)</u>	<u>PERS (2)</u>	<u>PFRS (2)</u>
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

(1) - Based on years of service

(2) - Based on age

Inflation Rate - 2.50%.

Mortality Rates - Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Experience Studies - The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013 for TPAF, PERS and PFRS, respectively. 100% of all retirees who currently have healthcare coverage were assumed to continue with that coverage. 100% of active members were considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Total Non-Employer OPEB Liability (Cont'd)**

Discount Rate - The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Changes in the Total Non-Employer OPEB Liability

The below table summarizes the State's proportionate share of the change in the Total Non-Employer OPEB Liability associated with the School District:

Balance at June 30, 2018		\$ 101,283,030.00
Changes for the Year:		
Service Cost	\$ 5,936,402.00	
Interest Cost	3,799,187.00	
Difference Between Expected and Actual Experience	(13,234,559.00)	
Changes in Assumptions	(9,838,244.00)	
Gross Benefit Payments	(2,292,459.00)	
Member Contributions	79,231.00	
Net Changes		<u>(15,550,442.00)</u>
Balance at June 30, 2019		<u>\$ 85,732,588.00</u>

There were no changes in benefit terms between the June 30, 2017 measurement date and the June 30, 2018 measurement date.

Differences between expected and actual experience reflect a decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience.

Changes of Assumptions reflect a decrease in the liability from June 30, 2017 to June 30, 2018 due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2018, associated with the School District, using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used is as follows:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 101,353,371.00</u>	<u>\$ 85,732,588.00</u>	<u>\$ 73,315,678.00</u>

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (CONT'D)****Changes in the Total Non-Employer OPEB Liability (Cont'd)**

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Healthcare Cost Trend Rates - The State's proportionate share of the total Non-Employer OPEB Liability as of June 30, 2018, associated with the School District, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District	\$ 70,862,977.00	\$ 85,732,588.00	\$ 105,398,218.00

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Total Non-Employer OPEB Liability

For the fiscal year ended June 30, 2019, the School District recognized \$9,102,348.00 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2018 measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District. However, at June 30, 2019, the State's proportionate share of the total Non-Employer OPEB Liability's deferred outflows of resources and deferred inflows of resources, associated with School District, from the following sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion	\$ 1,084,600.00	\$ 1,553,017.00
Difference Between Expected and Actual Experience	-	8,322,262.00
Changes of Assumptions	-	19,217,398.00
	<u>\$ 1,084,600.00</u>	<u>\$ 29,092,677.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability, associated with the School District, will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ (3,432,225.00)
2021	(3,432,225.00)
2022	(3,432,225.00)
2023	(3,432,225.00)
2024	(3,432,225.00)
Thereafter	<u>(10,846,952.00)</u>
	<u>\$ (28,008,077.00)</u>

Note 10: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2019, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$2,684,847.00, \$56,201.00, \$1,243,335.00 and \$3,075.00, respectively.

Note 11: RISK MANAGEMENT

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

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

Workers' Compensation including Employer's Liability
 General Liability including Police Professional and Employee Benefit Liability
 Automobile Liability
 Blanket Crime including Public Employee Dishonesty
 Property Including Boiler and Machinery
 Public Officials and Employment Practices Liability
 Volunteer Directors and Officers Liability
 Cyber Liability

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation
 Excess General Liability
 Non-Owned Aircraft Liability
 Excess Auto Liability
 Fidelity and Performance (Blanket)
 Excess Property including Boiler and Machinery
 Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

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

The School District's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended June 30, 2019, which can be obtained from:

New Jersey Schools Insurance Group
 6000 Midlantic Drive, Suite 300 North
 Mount Laurel, New Jersey 08054

Note 12: DEFERRED COMPENSATION

The School District offers its employees a choice of five (5) deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

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

Note 13: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2019, the liability for compensated absences reported on the government-wide statement of net position and on the proprietary fund statement of net position was \$861,755.07.

Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfunds - The composition of interfund balances as of June 30, 2019 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 838,135.32	
Special Revenue		\$ 832,005.87
Fiduciary		6,129.45
	<u>\$ 838,135.32</u>	<u>\$ 838,135.32</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2020, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONT'D)**Transfers -**

	Transfer In:
	General
	<u>Fund</u>
<u>Transfer Out:</u>	
Enterprise Funds	<u>\$ 134,444.21</u>

The transfers above are the result of discontinuing the operation of the following enterprise funds: Safe Schools, Goals for Youth and Computer Services.

Note 15: CONTINGENCIES

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

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

Note 16: CONCENTRATIONS

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

Note 17: FUND BALANCES**NONSPENDABLE**

As stated in note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The District did not have any nonspendable fund balances as of June 30 2019.

RESTRICTED

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

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

For Capital Reserve Account - As of June 30, 2019, the balance in the capital reserve account is \$127,106.00. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2019, the balance in the maintenance reserve account is \$409,340.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

COMMITTED

As stated in note 1, the committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which is the Board of Education. The District did not have any committed fund balances as of June 30, 2019.

ASSIGNED

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

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2020 \$2,106,599.00 of general fund balance at June 30, 2019.

Other Purposes - As of June 30, 2019, the School District had \$14,653.47 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

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

General Fund - As of June 30, 2019, \$1,905,680.75 of general fund balance was unassigned.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
County Appropriations	\$ 800,000.00		\$ 800,000.00	\$ 800,000.00	
Tuition - LEAs	27,467,695.00		27,467,695.00	26,129,199.65	\$ (1,338,495.35)
Nonresident Fees	1,050,000.00		1,050,000.00	921,114.64	(128,885.36)
Interest Earned on Capital Reserve Funds				1.00	1.00
Interest Earned on Maintenance Reserve Funds				1.00	1.00
Miscellaneous	214,000.00		214,000.00	276,935.32	62,935.32
Total Local Sources	29,531,695.00	-	29,531,695.00	28,127,251.61	(1,404,443.39)
State Sources:					
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)					
Normal Cost				2,684,847.00	2,684,847.00
Non-Contributory Insurance				56,201.00	56,201.00
Long-Term Disability Insurance Contribution				3,075.00	3,075.00
Post-Retirement Medical				1,243,335.00	1,243,335.00
Reimbursed T.P.A.F. Social Security (nonbudgeted)				1,008,770.04	1,008,770.04
Total State Sources	-	-	-	4,996,228.04	4,996,228.04
Federal Sources:					
Medicaid Reimbursement Program (SEMI)	20,000.00		20,000.00	151,504.24	131,504.24
Total Federal Sources	20,000.00	-	20,000.00	151,504.24	131,504.24
Total Revenues	29,551,695.00	-	29,551,695.00	33,274,983.89	3,723,288.89
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Special Education - Instruction:					
Auditory Impairments					
Salaries of Teachers	215,500.00		215,500.00	208,438.00	7,062.00
Other Salaries for Instruction	648,000.00	\$ 101,127.60	749,127.60	714,303.70	34,823.90
Purchased Professional-Educational Services	16,300.00	6,480.43	22,780.43	22,484.46	295.97
Other Purchased Services (400-500 series)	8,870.00		8,870.00	7,802.43	1,067.57
General Supplies	13,600.00	5,197.43	18,797.43	15,734.73	3,062.70
Textbooks	5,000.00	(5,000.00)			
Total Auditory Impairments	907,270.00	107,805.46	1,015,075.46	968,763.32	46,312.14
Behavioral Disabilities:					
Salaries of Teachers	1,958,800.00	(45,683.60)	1,913,116.40	1,832,750.19	80,366.21
Other Salaries for Instruction	748,500.00	(63,000.00)	685,500.00	582,087.27	103,412.73
Purchased Professional-Educational Services	38,250.00	(1,470.43)	36,779.57	32,594.07	4,185.50
Purchased Technical Services	75,669.00	(12,871.34)	62,797.66	53,531.34	9,266.32
Other Purchased Services (400-500 series)	89,205.00	408.15	89,613.15	72,119.05	17,494.10
General Supplies	316,370.00	(7,666.46)	308,703.54	177,602.42	131,101.12
Textbooks	175,000.00	(10,024.50)	164,975.50	2,519.83	162,455.67
Other Objects	9,000.00		9,000.00	3,725.34	5,274.66
Total Behavioral Disabilities	3,410,794.00	(140,308.18)	3,270,485.82	2,756,929.51	513,556.31
Multiple Disabilities:					
Salaries of Teachers	4,085,000.00	8,251.00	4,093,251.00	3,849,508.60	243,742.40
Other Salaries for Instruction	1,514,000.00	18,588.00	1,532,588.00	1,262,725.38	269,862.62
Purchased Professional-Educational Services	151,750.00	646.61	152,396.61	131,245.03	21,151.58
Purchased Technical Services	172,927.00	(56,616.85)	116,310.15	104,251.28	12,058.87
Other Purchased Services (400-500 series)	278,795.00	446.85	279,241.85	232,157.26	47,084.59
General Supplies	592,229.00	(7,219.24)	585,009.76	391,010.78	193,998.98
Textbooks	85,000.00	(33,459.84)	51,540.16	4,841.63	46,698.53
Other Objects	18,500.00	404.23	18,904.23	14,171.18	4,733.05
Total Multiple Disabilities	6,898,201.00	(68,959.24)	6,829,241.76	5,989,911.14	839,330.62
Preschool Disabilities - Full-Time:					
Salaries of Teachers	179,000.00		179,000.00	162,849.16	16,150.84
Other Salaries for Instruction	78,000.00	21,117.00	99,117.00	81,926.06	17,190.94
Purchased Professional-Educational Services	4,000.00	(322.01)	3,677.99	77.99	3,600.00
Other Purchased Services (400-500 series)	17,650.00	611.00	18,261.00	15,272.46	2,988.54
General Supplies	53,800.00	(2,826.49)	50,973.51	3,664.43	47,309.08
Total Preschool Disabilities - Full-Time	332,450.00	18,579.50	351,029.50	263,790.10	87,239.40
Home Instruction:					
Purchased Professional Educational Services	47,000.00	44,216.20	91,216.20	74,584.63	16,631.57

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
GENERAL CURRENT EXPENSE (CONT'D):					
Extended School Year:					
Salaries of Teachers	\$ 408,000.00	\$ 24,414.13	\$ 432,414.13	\$ 430,457.86	\$ 1,956.27
Other Salaries for Instruction	336,500.00	(34,323.13)	302,176.87	266,374.67	35,802.20
Purchased Professional-Educational Services	3,800.00		3,800.00	1,500.00	2,300.00
Purchased Technical Services	334,530.00	159,909.00	494,439.00	336,275.00	158,164.00
Other Purchased Services (400-500 series)	700.00		700.00		700.00
General Supplies	14,000.00		14,000.00	8,551.69	5,448.31
Total Extended School Year	1,097,530.00	150,000.00	1,247,530.00	1,043,159.22	204,370.78
Total Special Education Instruction	12,693,245.00	111,333.74	12,804,578.74	11,097,137.92	1,707,440.82
School - Sponsored Cocurricular Activities - Instruction:					
Salaries	6,000.00	(3,000.00)	3,000.00	1,000.00	2,000.00
Total School - Sponsored Cocurricular Activities - Instruction	6,000.00	(3,000.00)	3,000.00	1,000.00	2,000.00
School - Sponsored Athletics - Instruction:					
Salaries	90,000.00		90,000.00	82,000.08	7,999.92
Purchased Services (300-500 series)	2,000.00		2,000.00	971.25	1,028.75
Supplies and Materials	1,000.00		1,000.00	565.84	434.16
Other Objects	500.00		500.00		500.00
Total School - Sponsored Athletics - Instruction	93,500.00	-	93,500.00	83,537.17	9,962.83
Other Instructional Programs - Instruction:					
Salaries		7,372.00	7,372.00	7,371.79	0.21
Total Other Instructional Programs - Instruction	-	7,372.00	7,372.00	7,371.79	0.21
Total Instruction	12,792,745.00	115,705.74	12,908,450.74	11,189,046.88	1,719,403.86
Undistributed Expenditures:					
Attendance & Social Work:					
Salaries	90,000.00	14,088.00	104,088.00	95,362.47	8,725.53
Purchased Professional and Technical Services	2,880.00		2,880.00	2,847.60	32.40
Other Purchased Services (400-500 series)	5,330.00		5,330.00	5,326.81	3.19
Supplies and Materials	500.00		500.00		500.00
Total Attendance & Social Work	98,710.00	14,088.00	112,798.00	103,536.88	9,261.12
Health Services:					
Salaries	549,000.00	(38.00)	548,962.00	528,277.73	20,684.27
Purchased Professional and Technical Services	112,000.00	38,670.00	150,670.00	140,806.00	9,864.00
Other Purchased Services (400-500 series)	7,700.00	(100.00)	7,600.00	3,653.45	3,946.55
Supplies and Materials	17,000.00	(4,130.94)	12,869.06	9,990.86	2,878.20
Other Objects	250.00		250.00		250.00
Total Health Services	685,950.00	34,401.06	720,351.06	682,728.04	37,623.02
Speech, OT, PT & Related Services:					
Salaries	40,000.00	24,871.00	64,871.00	61,677.48	3,193.52
Purchased Professional - Educational Services	2,693,774.00	404.73	2,694,178.73	2,619,051.73	75,127.00
Supplies and Materials	35,040.00	451.37	35,491.37	32,111.45	3,379.92
Other Objects	100.00	100.00	200.00	100.00	100.00
Total - Speech, OT, PT & Related Services	2,768,914.00	25,827.10	2,794,741.10	2,712,940.66	81,800.44
Child Study Teams:					
Salaries of Other Professional Staff	1,019,000.00	(29,157.36)	989,842.64	896,002.46	93,840.18
Other Salaries	5,000.00		5,000.00	4,250.00	750.00
Unused Vacation Payment to Terminated/Retired Staff	10,000.00	(5,000.00)	5,000.00		5,000.00
Purchased Professional - Educational Services	629,680.00	(18,580.00)	611,100.00	580,156.01	30,943.99
Other Purchased Professional and Technical Services	10,878.00		10,878.00	10,845.60	32.40
Other Purchased Services (400-500 series)	11,750.00	140.00	11,890.00	7,719.08	4,170.92
Supplies and Materials	5,500.00	763.11	6,263.11	796.65	5,466.46
Other Objects	350.00		350.00		350.00
Total Child Study Teams	1,692,158.00	(51,834.25)	1,640,323.75	1,499,769.80	140,553.95

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
GENERAL CURRENT EXPENSE (CONT'D):					
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	\$ 116,000.00		\$ 116,000.00	\$ 113,048.88	\$ 2,951.12
Salaries of Secretarial & Clerical Assistants	87,500.00		87,500.00	53,177.44	34,322.56
Other Salaries	17,000.00	\$ 37,000.00	54,000.00	5,984.52	48,015.48
Unused Vacation Payment to Terminated/Retired Staff	15,000.00	(7,371.79)	7,628.21		7,628.21
Purchased Professional - Educational Services	115,300.00	(85.98)	115,214.02	37,264.97	77,949.05
Other Purchased Professional and Technical Services	60,000.00		60,000.00	46,924.20	13,075.80
Other Purchased Services (400-500 series)	6,450.00		6,450.00	450.00	6,000.00
Supplies and Materials	20,000.00		20,000.00	3,911.14	16,088.86
Other Objects	5,000.00		5,000.00	2,740.00	2,260.00
Total Improvement of Instruction Services	442,250.00	29,542.23	471,792.23	263,501.15	208,291.08
Educational Media Services/School Library:					
Salaries	2,000.00		2,000.00	350.00	1,650.00
Salaries for Technology Coordinators	190,000.00	16,000.00	206,000.00	194,254.57	11,745.43
Purchased Professional and Technical Services	4,000.00		4,000.00	3,414.00	586.00
Other Purchased Services (400-500 series)	1,700.00	(300.00)	1,400.00	945.41	454.59
Supplies and Materials	7,200.00		7,200.00	6,566.07	633.93
Other Objects	450.00		450.00	190.00	260.00
Total Educational Media Services/School Library	205,350.00	15,700.00	221,050.00	205,720.05	15,329.95
Instructional Staff Training Services:					
Other Salaries	15,000.00	10,929.30	25,929.30	25,929.30	
Purchased Professional - Educational Services	70,200.00	(2,416.30)	67,783.70	55,978.68	11,805.02
Other Purchased Services (400-500 series)	10,000.00	449.00	10,449.00	10,418.41	30.59
Supplies and Materials	6,000.00		6,000.00	3,484.50	2,515.50
Other Objects	-	5,000.00	5,000.00	5,000.00	
Total Instructional Staff Training Services	101,200.00	13,962.00	115,162.00	100,810.89	14,351.11
Support Services - General Administration:					
Salaries	45,000.00	3,000.00	48,000.00	46,206.10	1,793.90
Legal Services	50,000.00		50,000.00	14,173.60	35,826.40
Audit Fees	54,000.00		54,000.00	53,500.00	500.00
Architectural / Engineering Services	5,000.00	(3,605.00)	1,395.00		1,395.00
Other Purchased Professional Services	8,000.00	6,053.92	14,053.92	14,053.37	0.55
Purchased Technical Services	1,700.00		1,700.00	1,350.00	350.00
Communications/Telephone	81,000.00	(2,448.92)	78,551.08	54,262.03	24,289.05
BOE Other Purchased Services	200.00		200.00		200.00
Misc. Purchased Services (400-500 except 530 & 585)	33,550.00		33,550.00	30,027.76	3,522.24
General Supplies	3,000.00		3,000.00	2,554.82	445.18
BOE In-House Training/Meeting Supplies	1,500.00		1,500.00	1,048.36	451.64
Judgments	10,000.00		10,000.00		10,000.00
Miscellaneous Expenditures	8,000.00		8,000.00	4,592.00	3,408.00
BOE Membership Dues and Fees	6,700.00		6,700.00	6,560.56	139.44
Total Support Services - General Administration	307,650.00	3,000.00	310,650.00	228,328.60	82,321.40
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	992,000.00	(6,068.19)	985,931.81	964,799.92	21,131.89
Salaries of Secretarial and Clerical Assistants	435,000.00		435,000.00	426,702.23	8,297.77
Unused Vacation Payment		3,452.55	3,452.55	3,452.55	
Purchased Professional and Technical Services	6,900.00	914.45	7,814.45	7,313.86	500.59
Other Purchased Services (400-500 series)	5,700.00	(35.00)	5,665.00	1,244.00	4,421.00
Supplies and Materials	9,600.00	(1,700.00)	7,900.00	5,212.78	2,687.22
Other Objects	1,500.00	(100.00)	1,400.00	200.00	1,200.00
Total Support Services - School Administration	1,450,700.00	(3,536.19)	1,447,163.81	1,408,925.34	38,238.47
Central Services:					
Salaries	77,000.00		77,000.00	72,626.00	4,374.00
Unused Vacation Payment	10,000.00		10,000.00		10,000.00
Purchased Professional Services	1,500.00		1,500.00	1,500.00	
Purchased Technical Services	170,781.00	(2,500.00)	168,281.00	141,666.87	26,614.13
Misc. Purchased Services (400-500 except 594)	30,750.00	943.79	31,693.79	14,967.26	16,726.53
Supplies and Materials	17,500.00		17,500.00	8,917.96	8,582.04
Interest on Lease Purchase Agreements	6,300.00		6,300.00	6,242.14	57.86
Other Objects	6,500.00		6,500.00	3,234.94	3,265.06
Total Central Services	320,331.00	(1,556.21)	318,774.79	249,155.17	69,619.62

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
GENERAL CURRENT EXPENSE (CONT'D):					
Administration Information Technology:					
Purchased Technical Services	\$ 29,644.00		\$ 29,644.00	\$ 24,301.43	\$ 5,342.57
Other Purchased Services (400-500 series)	10,000.00		10,000.00	1,244.72	8,755.28
Supplies and Materials	11,100.00		11,100.00	9,915.12	1,184.88
Total Administration Information Technology	50,744.00	-	50,744.00	35,461.27	15,282.73
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	310,000.00	\$ (1,560.00)	308,440.00	196,355.27	112,084.73
General Supplies	42,500.00		42,500.00	21,316.02	21,183.98
Other Objects	2,600.00		2,600.00	430.00	2,170.00
Total Required Maintenance for School Facilities	355,100.00	(1,560.00)	353,540.00	218,101.29	135,438.71
Custodial Services:					
Salaries	1,038,000.00	(18,735.66)	1,019,264.34	945,672.16	73,592.18
Salaries Non-Instructional Aides	67,000.00	1,647.66	68,647.66	68,647.66	
Unused Vacation Payment to Terminated/Retired Staff	15,000.00		15,000.00		15,000.00
Purchased Professional and Technical Services	32,800.00	6,231.00	39,031.00	31,752.98	7,278.02
Cleaning, Repair and Maintenance Services	122,400.00	(5,000.00)	117,400.00	65,785.89	51,614.11
Rental of Land & Bldg Other than Lease Purch Agreement	300,000.00	(105,400.00)	194,600.00	175,000.00	19,600.00
Other Purchased Property Services	42,000.00		42,000.00	32,999.25	9,000.75
Insurance	132,000.00	(5,000.00)	127,000.00	115,126.45	11,873.55
Miscellaneous Purchased Services	4,000.00		4,000.00	498.88	3,501.12
General Supplies	181,050.00	(731.00)	180,319.00	96,991.88	83,327.12
Energy (Natural Gas)	160,300.00		160,300.00	101,989.59	58,310.41
Energy (Heat and Electricity)	535,700.00		535,700.00	401,727.18	133,972.82
Energy (Gasoline)	10,000.00		10,000.00	7,840.03	2,159.97
Other Objects	15,000.00		15,000.00	8,542.47	6,457.53
Total Custodial Services	2,655,250.00	(126,988.00)	2,528,262.00	2,052,574.42	475,687.58
Care & Upkeep of Grounds:					
Salaries	17,000.00		17,000.00	6,077.92	10,922.08
Purchased Professional and Technical Services	4,000.00		4,000.00		4,000.00
Cleaning, Repair and Maintenance Services	113,950.00	37,555.86	151,505.86	139,673.46	11,832.40
General Supplies	45,000.00		45,000.00	33,575.93	11,424.07
Other Objects	800.00	600.00	1,400.00	1,311.95	88.05
Total Care and Upkeep of Grounds	180,750.00	38,155.86	218,905.86	180,639.26	38,266.60
Security:					
Purchased Professional and Technical Services	145,500.00		145,500.00	123,019.77	22,480.23
Cleaning Repair and Maintenance Services	42,400.00		42,400.00	40,349.70	2,050.30
General Supplies	15,000.00		15,000.00	13,540.62	1,459.38
Total Security	202,900.00	-	202,900.00	176,910.09	25,989.91
Total Operation and Maintenance of Plant Services	3,394,000.00	(90,392.14)	3,303,607.86	2,628,225.06	675,382.80
Student Transportation Services:					
Salaries - Other than between Home and School	15,500.00		15,500.00	1,375.00	14,125.00
Other Purchased Professional and Technical Services	600.00		600.00	289.90	310.10
Cleaning, Repair, Maintenance Services	16,500.00		16,500.00	10,787.06	5,712.94
Contracted Services (Other Than Between Home & School) -	8,500.00	(2,000.00)	6,500.00	225.75	6,274.25
Miscellaneous. Purchased Services - Transportation	2,000.00	2,000.00	4,000.00	1,625.00	2,375.00
Transportation Supplies	8,000.00		8,000.00	5,316.19	2,683.81
Other Objects	1,000.00		1,000.00	623.41	376.59
Total Student Transportation Services	52,100.00	-	52,100.00	20,242.31	31,857.69
Personnel Services - Employee Benefits:					
Social Security Contributions	582,645.00		582,645.00	468,342.95	114,302.05
Other Retirement Contributions - PERS	818,000.00	39,690.00	857,690.00	810,915.72	46,774.28
Other Retirement Contributions - Regular		89.96	89.96	89.96	
Unemployment Compensation	120,000.00		120,000.00	103,892.92	16,107.08
Workmen's Compensation	385,000.00		385,000.00	383,560.40	1,439.60
Health Benefits	6,185,000.00	(135,316.96)	6,049,683.04	5,572,701.14	476,981.90
Other Employee Benefits	192,000.00	(54,463.00)	137,537.00	118,657.37	18,879.63
Unused Sick Payments	90,000.00		90,000.00	36,462.50	53,537.50
Total Personnel Services - Employee Benefits	8,372,645.00	(150,000.00)	8,222,645.00	7,494,622.96	728,022.04

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
GENERAL CURRENT EXPENSE (CONT'D):					
Nonbudgeted:					
On-Behalf T.P.A.F. Pension Contributions (non-budgeted)					
Normal Cost				\$ 2,684,847.00	\$ (2,684,847.00)
Non-Contributory Insurance				56,201.00	(56,201.00)
Long-Term Disability Insurance Contribution				3,075.00	(3,075.00)
Post-Retirement Medical				1,243,335.00	(1,243,335.00)
Reimbursed TPAF Social Security Contributions				1,008,770.04	(1,008,770.04)
Total Nonbudgeted				4,996,228.04	(4,996,228.04)
Total Undistributed Expenses	\$ 19,942,702.00	\$ (160,798.40)	\$ 19,781,903.60	22,630,196.22	(2,848,292.62)
Total Expenditures - Current Expense	32,735,447.00	(45,092.66)	32,690,354.34	33,819,243.10	(1,128,888.76)
CAPITAL OUTLAY:					
Special Education - Instruction:					
Auditory Impairments					
Instructional Equipment		2,976.61	2,976.61	1,365.39	1,611.22
Behavioral					
Instructional Equipment	34,320.00	26,457.46	60,777.46	28,263.04	32,514.42
Multiple Disabilities					
Instructional Equipment	80,080.00	49,253.45	129,333.45	68,829.68	60,503.77
Undistributed Expenditures:					
Support Services - Related and Extraordinary	3,860.00	2,445.00	6,305.00	6,279.40	25.60
School Admin	14,300.00		14,300.00	12,536.34	1,763.66
Administrative Information Technology	14,300.00		14,300.00	12,536.34	1,763.66
Care and Upkeep of Grounds	4,300.00		4,300.00	4,200.00	100.00
Security	2,800.00	3,060.00	5,860.00	5,859.00	1.00
Total Equipment	153,960.00	84,192.52	238,152.52	139,869.19	98,283.33
Total Capital Outlay	153,960.00	84,192.52	238,152.52	139,869.19	98,283.33
Total Expenditures	32,889,407.00	39,099.86	32,928,506.86	33,959,112.29	(1,030,605.43)
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,337,712.00)	(39,099.86)	(3,376,811.86)	(684,128.40)	2,692,683.46
Other Financing Sources/(Uses):					
Operating Transfers In					
				134,444.21	134,444.21
Total Other Financing Sources/(Uses)	-	-	-	134,444.21	134,444.21
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,337,712.00)		(3,376,811.86)	(549,684.19)	2,827,127.67
Fund Balances, July 1	5,113,063.41		5,113,063.41	5,113,063.41	
Fund Balances, June 30	\$ 1,775,351.41	\$ -	\$ 1,736,251.55	\$ 4,563,379.22	\$ 2,827,127.67
Recapitulation:					
Restricted:					
Capital Reserve				\$ 127,106.00	
Maintenance Reserve				409,340.00	
Assigned:					
Year End Encumbrances				14,653.47	
Designated for Subsequent Year's Expenditures:					
2019-2020 Budget				2,106,599.00	
Unassigned:					
General Fund				1,905,680.75	
Fund Balance per Governmental Funds (GAAP)				\$ 4,563,379.22	

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
State Sources	\$ 297,105.00		\$ 297,105.00	\$ 297,105.00	
Federal Sources	1,464,993.00	\$ 1,072,610.00	2,537,603.00	1,858,225.19	\$ (679,377.81)
Other Sources	15,000.00	71,295.80	86,295.80	79,723.96	(6,571.84)
Total - Revenues	<u>1,777,098.00</u>	<u>1,143,905.80</u>	<u>2,921,003.80</u>	<u>2,235,054.15</u>	<u>(685,949.65)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 15,000.00	\$ 190,038.66	\$ 205,038.66	\$ 154,061.93	\$ 50,976.73
Other Purchased Services		236,328.51	236,328.51	140,328.51	96,000.00
General Supplies		22,650.96	22,650.96	17,507.51	5,143.45
Other Objects		732.00	732.00	543.99	188.01
Miscellaneous		500.00	500.00		500.00
Total Instruction	<u>15,000.00</u>	<u>450,250.13</u>	<u>465,250.13</u>	<u>312,441.94</u>	<u>152,808.19</u>
Support Services:					
Salaries of Supervisors of Instruction	1,748,898.00	(723,918.21)	1,024,979.79	759,599.98	265,379.81
Salaries of Other Professional Staff	1,900.00	284,163.95	286,063.95	286,063.95	
Salaries - Other		75.00	75.00	75.00	
Employee Benefits	2,500.00	470,685.20	473,185.20	341,651.33	131,533.87
Purchased Professional and Technical Services		7,339.77	7,339.77	4,181.35	3,158.42
Purchased Professional Educational Services	300.00	308,411.00	308,711.00	257,435.27	51,275.73
Purchased Property Services		60,861.44	60,861.44	36,041.44	24,820.00
Other Purchased Services	1,200.00	128,731.29	129,931.29	121,906.73	8,024.56
Telephone		3,462.45	3,462.45	2,343.45	1,119.00
Travel	1,600.00	23,835.89	25,435.89	18,335.54	7,100.35
Supplies and Materials	900.00	26,239.51	27,139.51	22,012.79	5,126.72
Other Objects		8,085.00	8,085.00	7,246.00	839.00
Indirect Costs		84,411.31	84,411.31	49,647.31	34,764.00
Miscellaneous Expenditures	4,800.00	472.07	5,272.07	5,272.07	
Total Support Services	<u>1,762,098.00</u>	<u>682,855.67</u>	<u>2,444,953.67</u>	<u>1,911,812.21</u>	<u>533,141.46</u>
Facilities Acquisition & Construction Services:					
Non-Instructional Equipment		10,800.00	10,800.00	10,800.00	
Total Facilities Acquisition & Construction Services	<u>-</u>	<u>10,800.00</u>	<u>10,800.00</u>	<u>10,800.00</u>	<u>-</u>
Total Expenditures	<u>1,777,098.00</u>	<u>1,143,905.80</u>	<u>2,921,003.80</u>	<u>2,235,054.15</u>	<u>685,949.65</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2019

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 33,274,983.89	\$ 2,235,054.15
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year	-	-
Prior Year	-	-
	-	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 33,274,983.89	\$ 2,235,054.15
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 33,959,112.29	\$ 2,235,054.15
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year	-	-
Prior Year	-	-
	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 33,959,112.29	\$ 2,235,054.15

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

ACCOUNTING AND REPORTING FOR PENSIONS

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

	Measurement Date Ending June 30,					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.1533802555%	0.1551593857%	0.1598288866%	0.1584824469%	0.1499288724%	0.1515580565%
School District's Proportionate Share of the Net Pension Liability	\$ 30,199,808.00	\$ 36,118,625.00	\$ 47,336,732.00	\$ 35,576,134.00	\$ 28,070,785.00	\$ 28,965,756.00
School District's Covered Payroll (Plan Measurement Period)	\$ 11,956,312.00	\$ 12,089,132.00	\$ 12,247,872.00	\$ 12,049,508.00	\$ 11,484,684.00	\$ 11,537,648.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	252.58%	298.77%	386.49%	295.25%	244.42%	251.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	<u>Fiscal Year Ended June 30,</u>					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,441,903.00	\$ 1,525,638.00	\$ 1,437,386.00	\$ 1,419,897.00	\$ 1,362,524.00	\$ 1,235,992.00
Contributions in Relation to the Contractually Required Contribution	<u>(1,441,903.00)</u>	<u>(1,525,638.00)</u>	<u>(1,437,386.00)</u>	<u>(1,419,897.00)</u>	<u>(1,362,524.00)</u>	<u>(1,235,992.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll (Fiscal Year)	\$ 9,937,294.00	\$ 10,483,438.00	\$ 10,712,607.00	\$ 10,697,739.00	\$ 10,882,370.00	\$ 10,558,582.00
Contributions as a Percentage of School District's Covered Payroll	14.51%	14.55%	13.42%	13.27%	12.52%	11.71%

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

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

	Measurement Date Ending June 30,					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the School District	<u>83,061,214.00</u>	<u>92,105,581.00</u>	<u>106,546,718.00</u>	<u>82,542,392.00</u>	<u>71,561,667.00</u>	<u>66,462,506.00</u>
	<u>\$ 83,061,214.00</u>	<u>\$ 92,105,581.00</u>	<u>\$ 106,546,718.00</u>	<u>\$ 82,542,392.00</u>	<u>\$ 71,561,667.00</u>	<u>\$ 66,462,506.00</u>
School District's Covered Payroll (Plan Measurement Period)	\$ 16,522,320.00	\$ 15,884,320.00	\$ 16,368,816.00	\$ 15,896,112.00	\$ 15,204,488.00	\$ 15,038,904.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	502.72%	579.85%	650.91%	519.26%	470.66%	441.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

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

This schedule is not applicable.

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

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

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Notes to Required Supplementary Information - Part III

For the Fiscal Year Ended June 30, 2019

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - The Discount Rate changed at June 30th over the following years, 4.68% 2014, 4.13% 2015, 3.22% 2016, 4.25% 2017 and 4.86% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011- June 30, 2015 experience study.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017 and 5.66% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Changes in the School District's Total OPEB Liability and Related Ratios
 Last Two Plan Years

	<u>Measurement Date Ending June 30,</u>	
	<u>2018</u>	<u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of the Total OPEB Liability Associated with the School District		
Changes for the Year:		
Service Cost	\$ 5,936,402.00	\$ 7,152,223.00
Interest Cost	3,799,187.00	3,239,709.00
Difference Between Expected and Actual Experience	(13,234,559.00)	-
Changes in Assumptions	(9,838,244.00)	(14,492,986.00)
Gross Benefit Payments	(2,292,459.00)	(2,345,930.00)
Member Contributions	79,231.00	86,383.00
Net Change in Total Non-Employer OPEB Liability	(15,550,442.00)	(6,360,601.00)
Total Non-Employer OPEB Liability - Beginning of Fiscal Year	101,283,030.00	107,643,631.00
Total Non-Employer OPEB Liability - End of Fiscal Year	<u>\$ 85,732,588.00</u>	<u>\$ 101,283,030.00</u>
School District's Covered Payroll (Plan Measurement Period)	<u>\$ 24,749,206.00</u>	<u>\$ 24,856,683.00</u>
State's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the School District as a Percentage of Covered Payroll	346.41%	407.47%

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

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Notes to Required Supplementary Information - Part IV

For the Fiscal Year Ended June 30, 2019

Changes of Benefit Terms - None

Differences Between Expected and Actual Experience - The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience.

Changes of Assumptions - The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2019

	McKinney Education Homeless Children	Migrant Education Project Title I	Education Foundation Grant Respite	Education Foundation Grant Social Skills	Education Foundation Grant Community	NJSBAIG Grant	School Based Youth Services	Total
REVENUES:								
State Sources							\$ 297,105.00	\$ 297,105.00
Federal Sources	\$ 719,720.65	\$ 1,138,504.54						1,858,225.19
Other Sources			\$ 20,730.09	\$ 36,405.62	\$ 8,957.95	\$ 13,630.30		79,723.96
Total Revenues	\$ 719,720.65	\$ 1,138,504.54	\$ 20,730.09	\$ 36,405.62	\$ 8,957.95	\$ 13,630.30	\$ 297,105.00	\$ 2,235,054.15
EXPENDITURES:								
Instruction:								
Salaries of Teachers	\$ 32,018.75	\$ 61,776.93	\$ 18,765.00	\$ 33,201.25	\$ 8,300.00			\$ 154,061.93
Other Purchased Services	6,600.00	133,728.51						140,328.51
General Supplies	4,462.37	12,063.36	500.00	481.78				17,507.51
Other Objects	543.99							543.99
Total Instruction	43,625.11	207,568.80	19,265.00	33,683.03	8,300.00	-	-	312,441.94
Support Services:								
Salaries Supervisors of Instruction	227,537.08	532,062.90						759,599.98
Salaries of Other Professional Staff							\$ 286,063.95	286,063.95
Salaries - Other							75.00	75.00
Employee Benefits	104,944.28	229,545.37	1,465.09	2,722.59	657.95		2,316.05	341,651.33
Purchased Professional and Technical Services		4,181.35						4,181.35
Purchased Professional Educational Services	257,435.27							257,435.27
Purchased Property Services		36,041.44						36,041.44
Other Purchased Services	48,129.91	70,165.59				\$ 2,410.30	1,200.93	121,906.73
Telephone		2,343.45						2,343.45
Travel	5,594.14	11,228.37					1,513.03	18,335.54
Supplies and Materials	10,509.86	10,418.96				420.00	663.97	22,012.79
Other Objects	3,543.00	3,703.00						7,246.00
Indirect Costs	18,402.00	31,245.31						49,647.31
Miscellaneous Expenditures							5,272.07	5,272.07
Total Support Services	676,095.54	930,935.74	1,465.09	2,722.59	657.95	2,830.30	297,105.00	1,911,812.21
Facilities Acquisition & Construction Services:								
Non-Instructional Equipment						10,800.00		10,800.00
Total Facilities Acquisition & Construction Services	-	-	-	-	-	10,800.00	-	10,800.00
Total Expenditures	\$ 719,720.65	\$ 1,138,504.54	\$ 20,730.09	\$ 36,405.62	\$ 8,957.95	\$ 13,630.30	\$ 297,105.00	\$ 2,235,054.15

PROPRIETARY FUNDS

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Net Position
June 30, 2019

	Enterprise Funds		Total
	Food Service Fund	Other Funds Exhibit G-1a	
ASSETS:			
Current Assets:			
Cash & Cash Equivalents	\$ 66,880.17	\$ 4,275,358.91	\$ 4,342,239.08
Intergovernmental Accounts Receivable:			
State	227.70		227.70
Federal	11,753.80		11,753.80
Other		5,566,121.02	5,566,121.02
Inventories	8,330.81		8,330.81
Total Current Assets	<u>87,192.48</u>	<u>9,841,479.93</u>	<u>9,928,672.41</u>
Noncurrent Assets:			
Capital Assets, Net	<u>31,586.91</u>	<u>264,810.42</u>	<u>296,397.33</u>
Total Assets	<u>118,779.39</u>	<u>10,106,290.35</u>	<u>10,225,069.74</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions		<u>3,121,231.20</u>	<u>3,121,231.20</u>
LIABILITIES:			
Current Liabilities:			
Cash Deficit		6,620.96	6,620.96
Accounts Payable - Related to Pensions		591,180.24	591,180.24
Accrued Salary and Benefits		61,958.05	61,958.05
Total Current Liabilities	<u>-</u>	<u>659,759.25</u>	<u>659,759.25</u>
Noncurrent Liabilities:			
Due beyond One Year		<u>12,381,921.30</u>	<u>12,381,921.30</u>
Total Liabilities	<u>-</u>	<u>13,041,680.55</u>	<u>13,041,680.55</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions		<u>4,567,976.46</u>	<u>4,567,976.46</u>
NET POSITION:			
Net Investment in Capital Assets	31,586.91	264,810.42	296,397.33
Unrestricted (Deficit)	<u>87,192.48</u>	<u>(4,646,945.88)</u>	<u>(4,559,753.40)</u>
Total Net Position (Deficit)	<u>\$ 118,779.39</u>	<u>\$ (4,382,135.46)</u>	<u>\$ (4,263,356.07)</u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Other Enterprise Funds
 Combining Statement of Net Position
 June 30, 2019

	<u>CRESS</u>	<u>Non Public Services</u>	<u>One on One Teachers Assistants</u>	<u>Safe School Program</u>	<u>Therapeutic Recreation Program</u>	<u>Auxiliary Services</u>	<u>Cooperative Transportation Project</u>	<u>Total Carried Forward</u>
ASSETS:								
Current Assets:								
Cash & Cash Equivalents	\$ 893,198.15	\$ 671,597.80	\$ 1,801,618.29			\$ 76,347.80	\$ 100,591.56	\$ 3,543,353.60
Intergovernmental Accounts Receivable:								
Other	<u>744,181.73</u>	<u>423,162.91</u>	<u>1,140,850.68</u>			<u>7,505.00</u>	<u>3,134,406.46</u>	<u>5,450,106.78</u>
Total Current Assets	<u>1,637,379.88</u>	<u>1,094,760.71</u>	<u>2,942,468.97</u>			<u>83,852.80</u>	<u>3,234,998.02</u>	<u>8,993,460.38</u>
Noncurrent Assets:								
Capital Assets, Net	<u>32,372.10</u>	<u>124,572.10</u>					<u>107,866.22</u>	<u>264,810.42</u>
Total Assets	<u>1,669,751.98</u>	<u>1,219,332.81</u>	<u>2,942,468.97</u>			<u>83,852.80</u>	<u>3,342,864.24</u>	<u>9,258,270.80</u>
DEFERRED OUTFLOWS OF RESOURCES:								
Related to Pensions	<u>532,893.13</u>	<u>76,127.59</u>	<u>2,283,827.70</u>				<u>152,255.19</u>	<u>3,045,103.61</u>
LIABILITIES:								
Current Liabilities:								
Cash Deficit					\$ 3,407.83			3,407.83
Accounts Payable - Related to Pension	100,933.21	14,419.04	432,570.90				28,838.06	576,761.21
Accrued Salary and Benefits	<u>55,042.50</u>	<u>4,448.48</u>				<u>430.60</u>		<u>59,921.58</u>
Total Current Liabilities	<u>155,975.71</u>	<u>18,867.52</u>	<u>432,570.90</u>	-	<u>3,407.83</u>	<u>430.60</u>	<u>28,838.06</u>	<u>640,090.62</u>
Noncurrent Liabilities:								
Due beyond One Year	<u>2,113,986.56</u>	<u>301,998.08</u>	<u>9,059,942.41</u>				<u>603,996.17</u>	<u>12,079,923.22</u>
Total Liabilities	<u>2,269,962.27</u>	<u>320,865.60</u>	<u>9,492,513.31</u>	-	<u>3,407.83</u>	<u>430.60</u>	<u>632,834.23</u>	<u>12,720,013.84</u>
DEFERRED INFLOWS OF RESOURCES:								
Related to Pensions	<u>779,898.42</u>	<u>111,414.06</u>	<u>3,342,421.80</u>				<u>222,828.12</u>	<u>4,456,562.40</u>
NET POSITION:								
Net Investment in Capital Assets	32,372.10	124,572.10					107,866.22	264,810.42
Unrestricted (Deficit)	<u>(879,587.68)</u>	<u>738,608.64</u>	<u>(7,608,638.44)</u>		<u>(3,407.83)</u>	<u>83,422.20</u>	<u>2,531,590.86</u>	<u>(5,138,012.25)</u>
Total Net Position (Deficit)	<u>\$ (847,215.58)</u>	<u>\$ 863,180.74</u>	<u>\$ (7,608,638.44)</u>	<u>\$ -</u>	<u>\$ (3,407.83)</u>	<u>\$ 83,422.20</u>	<u>\$ 2,639,457.08</u>	<u>\$ (4,873,201.83)</u>

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Other Enterprise Funds
 Combining Statement of Net Position
 June 30, 2019

	<u>Total Brought Forward</u>	<u>Employee Assistance Program</u>	<u>Nonpublic Textbook Publishing</u>	<u>Additional Remedial Services Chapter I</u>	<u>Summer Food Service</u>	<u>Goals for Youth Program</u>	<u>Computer Services</u>	<u>Total</u>
ASSETS:								
Current Assets:								
Cash & Cash Equivalents	\$ 3,543,353.60	\$ 116,267.79	\$ 93,332.57	\$ 522,404.95				\$ 4,275,358.91
Intergovernmental Accounts Receivable:								
Other	<u>5,450,106.78</u>		<u>428.84</u>	<u>115,585.40</u>				<u>5,566,121.02</u>
Total Current Assets	<u>8,993,460.38</u>	<u>116,267.79</u>	<u>93,761.41</u>	<u>637,990.35</u>	<u>-</u>			<u>9,841,479.93</u>
Noncurrent Assets:								
Capital Assets, Net	<u>264,810.42</u>							<u>264,810.42</u>
Total Assets	<u>9,258,270.80</u>	<u>116,267.79</u>	<u>93,761.41</u>	<u>637,990.35</u>	<u>-</u>			<u>10,106,290.35</u>
DEFERRED OUTFLOWS OF RESOURCES:								
Related to Pensions	<u>3,045,103.61</u>			<u>76,127.59</u>				<u>3,121,231.20</u>
LIABILITIES:								
Current Liabilities:								
Cash Deficit	3,407.83				\$ 3,213.13			6,620.96
Accounts Payable - Related to Pension	576,761.21			14,419.03				591,180.24
Accrued Salary and Benefits	<u>59,921.58</u>		<u>296.58</u>		<u>1,739.89</u>			<u>61,958.05</u>
Total Current Liabilities	<u>640,090.62</u>	<u>-</u>	<u>296.58</u>	<u>14,419.03</u>	<u>4,953.02</u>			<u>659,759.25</u>
Noncurrent Liabilities:								
Due beyond One Year	<u>12,079,923.22</u>			<u>301,998.08</u>				<u>12,381,921.30</u>
Total Liabilities	<u>12,720,013.84</u>	<u>-</u>	<u>296.58</u>	<u>316,417.11</u>	<u>4,953.02</u>			<u>13,041,680.55</u>
DEFERRED INFLOWS OF RESOURCES:								
Related to Pensions	<u>4,456,562.40</u>			<u>111,414.06</u>				<u>4,567,976.46</u>
NET POSITION:								
Net Investment in Capital Assets	264,810.42							264,810.42
Unrestricted (Deficit)	<u>(5,138,012.25)</u>	<u>116,267.79</u>	<u>93,464.83</u>	<u>286,286.77</u>	<u>(4,953.02)</u>			<u>(4,646,945.88)</u>
Total Net Position (Deficit)	<u>\$ (4,873,201.83)</u>	<u>\$ 116,267.79</u>	<u>\$ 93,464.83</u>	<u>\$ 286,286.77</u>	<u>\$ (4,953.02)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,382,135.46)</u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2019

	Enterprise Funds		Total
	Food Service Fund	Other Funds Exhibit G-2a	
OPERATING REVENUES:			
Local Sources			
Daily Sales - Reimbursable Programs	\$ 154,244.68		\$ 154,244.68
Daily Sales - Non-Reimbursable Programs	21,484.43		21,484.43
Special Functions	22,337.30		22,337.30
Fees for Services		\$ 31,960,448.82	31,960,448.82
Total Operating Revenues	198,066.41	31,960,448.82	32,158,515.23
OPERATING EXPENSES:			
Cost of Goods Sold - Reimbursable Programs	174,411.00		174,411.00
Cost of Goods Sold - Non-Reimbursable Programs	17,889.03		17,889.03
Salaries		10,551,030.07	10,551,030.07
Employee Benefits		5,357,665.06	5,357,665.06
Purchased Professional/Educational Services		1,220,971.73	1,220,971.73
Purchased Professional/Professional Services		296,601.39	296,601.39
Purchased Professional/Technical Services	1,149.00	86,400.50	87,549.50
Other Purchased Services	226,076.26	86,389.72	312,465.98
Contracted Services	27,000.00	13,563,251.06	13,590,251.06
Printing and Binding		6,290.25	6,290.25
Commercial Liability		2,650.00	2,650.00
Miscellaneous Purchased Services		3,132.38	3,132.38
Operations and Maintenance		8,602.18	8,602.18
Travel		27,508.88	27,508.88
Advertisement		5,326.81	5,326.81
Supplies and Materials	1,458.29	88,130.70	89,588.99
Textbooks		84,934.01	84,934.01
Miscellaneous Expenditures	20,142.80		20,142.80
Rental of Land and Buildings		25,000.00	25,000.00
Other Objects		9,576.14	9,576.14
Depreciation	6,196.56	48,382.82	54,579.38
Total Operating Expenses	474,322.94	31,471,843.70	31,946,166.64
Operating Gain/ (Loss)	(276,256.53)	488,605.12	212,348.59

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2019

	Enterprise Funds		<u>Total</u>
	<u>Food Service Fund</u>	<u>Other Funds Exhibit G-2a</u>	
NONOPERATING REVENUES (EXPENSES):			
State Source:			
State School Lunch Program	\$ 4,168.87		\$ 4,168.87
Federal Source:			
National School Lunch Program	134,158.96		134,158.96
National School Breakfast Program	77,996.56		77,996.56
Food Distribution Program	32,135.40		32,135.40
Migrant Summer Food Program		\$ 31,752.13	31,752.13
	248,459.79	31,752.13	280,211.92
Total Nonoperating Revenues (Expenses)			
Income (Loss) Before Transfers	(27,796.74)	520,357.25	492,560.51
Transfers (To) / From Other Funds:			
General Fund Transfers		(134,444.21)	(134,444.21)
Net Capital Asset Transfer		(3,233.32)	(3,233.32)
Other Equity Transfer		517,872.88	517,872.88
		900,552.60	872,755.86
Change in Net Position	(27,796.74)	900,552.60	872,755.86
Net Position (Deficit) -- July 1	146,576.13	(5,282,688.06)	(5,136,111.93)
Net Position (Deficit) -- June 30	\$ 118,779.39	\$ (4,382,135.46)	\$ (4,263,356.07)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Other Enterprise Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2019

OPERATING REVENUES:	<u>GRESS</u>	<u>Non Public Services</u>	<u>One on One Teachers Assistants</u>	<u>Safe School Program</u>	<u>Therapeutic Recreation Program</u>	<u>Auxiliary Services</u>	<u>Cooperative Transportation Project</u>	<u>Total Carried Forward</u>
Local Sources								
Fees for Services	\$ 7,246,544.25	\$ 1,588,721.52	\$ 8,016,665.21	-	\$ 35,400.00	\$ 42,415.00	\$ 14,552,747.79	\$ 31,482,493.77
Total Operating Revenues	7,246,544.25	1,588,721.52	8,016,665.21	-	35,400.00	42,415.00	14,552,747.79	31,482,493.77
OPERATING EXPENSES:								
Salaries	5,438,971.92	1,197,873.70	3,467,595.98			22,505.00	181,558.31	10,308,504.91
Employee Benefits	1,665,330.53	367,389.75	3,054,279.27			1,878.14	214,189.24	5,303,066.93
Purchased Professional/Educational Services	11,072.72	278.16			30,099.00		200.00	41,649.88
Purchased Professional/Professional Services	252,969.39	3,188.00			3,680.00			259,837.39
Purchased Professional/Technical Services	1,557.00	8,580.60	50,000.00				9,192.40	69,330.00
Other Purchased Services	15,396.43	1,311.41			400.00		40,774.20	57,882.04
Contracted Services					11,137.25		13,552,113.81	13,563,251.06
Printing/Binding								
Commercial Liability		2,000.00			650.00			2,650.00
Miscellaneous Purchased Services	3,132.38							3,132.38
Operations and Maintenance	2,259.43	6,342.75						8,602.18
Travel	13,947.70	5,839.98					7,364.39	27,152.07
Advertisement							5,326.81	5,326.81
Supplies and Materials	13,458.57	68,858.39			1,838.45		3,804.44	87,959.85
Textbooks		82,544.76						82,544.76
Rental of Land and Buildings	15,000.00	10,000.00						25,000.00
Other Objects	588.94				8,263.99		450.00	9,302.93
Depreciation	7,231.83	22,332.34					18,132.48	47,696.65
Total Operating Expenses	7,440,916.84	1,776,539.84	6,571,875.25	-	56,068.69	24,383.14	14,033,106.08	29,902,889.84
Operating Gain/ (Loss)	(194,372.59)	(187,818.32)	1,444,789.96	-	(20,668.69)	18,031.86	519,641.71	1,579,603.93
NONOPERATING REVENUES (EXPENSES):								
Local Source:								
Federal Source:								
Migrant Summer Food Program								
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-	-	-
Income (Loss) Before Transfers	(194,372.59)	(187,818.32)	1,444,789.96	-	(20,668.69)	18,031.86	519,641.71	1,579,603.93
Transfers (To) / From Other Funds:								
General Fund Transfers				\$ (8,260.06)				(8,260.06)
Net Capital Asset Transfer								
Other Equity Transfer						38,490.83		38,490.83
Change in Net Position	(194,372.59)	(187,818.32)	1,444,789.96	(8,260.06)	(20,668.69)	56,522.69	519,641.71	1,609,834.70
Net Position (Deficit) -- July 1	(652,842.99)	1,050,999.06	(9,053,428.40)	8,260.06	17,260.86	26,899.51	2,119,815.37	(6,483,036.53)
Net Position (Deficit) -- June 30	\$ (847,215.58)	\$ 863,180.74	\$ (7,608,638.44)	\$ -	\$ (3,407.83)	\$ 83,422.20	\$ 2,639,457.08	\$ (4,873,201.83)

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Other Enterprise Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2019

OPERATING REVENUES:	Total Brought Forward	Employee Assistance Program	Nonpublic Textbook Publishing	Additional Remedial Services Chapter I	Summer Food Service	Goals for Youth Program	Computer Services	Total
Local Sources								
Fees for Services	\$ 31,482,493.77	\$ 38,752.00	\$ 10,701.15	\$ 420,503.90		\$ 7,998.00		\$ 31,960,448.82
Total Operating Revenues	31,482,493.77	38,752.00	10,701.15	420,503.90	-	7,998.00	-	31,960,448.82
OPERATING EXPENSES:								
Salaries	10,308,504.91		8,070.03	224,681.38	\$ 4,691.25	5,082.50		10,551,030.07
Employee Benefits	5,303,066.93		805.83	34,792.02	358.88	414.76	\$ 18,226.64	5,357,665.06
Purchased Professional/Educational Services	41,649.88			54,321.85			1,125,000.00	1,220,971.73
Purchased Professional/Professional Services	259,837.39	36,764.00						296,601.39
Purchased Professional/Technical Services	69,330.00						17,070.50	86,400.50
Other Purchased Services	57,882.04				28,507.68			86,389.72
Contracted Services	13,563,251.06							13,563,251.06
Printing/Binding				6,290.25				6,290.25
Commercial Liability	2,650.00							2,650.00
Miscellaneous Purchased Services	3,132.38							3,132.38
Operations and Maintenance	8,602.18							8,602.18
Travel	27,152.07			141.05		215.76		27,508.88
Advertisement	5,326.81							5,326.81
Supplies and Materials	87,959.85							88,130.70
Textbooks	82,544.76		2,389.25			170.85		84,934.01
Rental of Land and Buildings	25,000.00							25,000.00
Other Objects	9,302.93					273.21		9,576.14
Depreciation	47,696.65						686.17	48,382.82
Total Operating Expenses	29,902,889.84	36,764.00	11,265.11	320,226.55	33,557.81	6,157.08	1,160,983.31	31,471,843.70
Operating Gain/ (Loss)	1,579,603.93	1,988.00	(563.96)	100,277.35	(33,557.81)	1,840.92	(1,160,983.31)	488,605.12
NONOPERATING REVENUES (EXPENSES):								
Local Source:								
Federal Source:								
Summer Food Program					31,752.13			31,752.13
Total Nonoperating Revenues (Expenses)	-	-	-	-	31,752.13	-	-	31,752.13
Income (Loss) Before Transfers	1,579,603.93	1,988.00	(563.96)	100,277.35	(1,805.68)	1,840.92	(1,160,983.31)	520,357.25
Transfers (To) / From Other Funds:								
General Fund Transfers	(8,260.06)					(80,654.62)	(45,529.53)	(134,444.21)
Net Capital Asset Transfer							(3,233.32)	(3,233.32)
Other Equity Transfer	38,490.83						479,382.05	517,872.88
Change in Net Position	1,609,834.70	1,988.00	(563.96)	100,277.35	(1,805.68)	(78,813.70)	(730,364.11)	900,552.60
Net Position (Deficit) -- July 1	(6,483,036.53)	114,279.79	94,028.79	186,009.42	(3,147.34)	78,813.70	730,364.11	(5,282,688.06)
Net Position (Deficit) -- June 30	\$ (4,873,201.83)	\$ 116,267.79	\$ 93,464.83	\$ 286,286.77	\$ (4,953.02)	\$ -	\$ -	\$ (4,382,135.46)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019

	Enterprise Funds		<u>Total</u>
	<u>Food Service Fund</u>	<u>Other Funds Exhibit G-3a</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers	\$ 198,066.41	\$ 32,151,631.32	\$ 32,349,697.73
Payments to Employees		(10,514,237.64)	(10,514,237.64)
Payments for Employee Benefits		(5,640,921.34)	(5,640,921.34)
Payments to Vendors	(435,398.12)	(15,542,991.43)	(15,978,389.55)
Net Cash Provided by (used for) Operating Activities	(237,331.71)	453,480.91	216,149.20
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers (To) / From Other Funds		(134,444.21)	(134,444.21)
Cash Received from State & Federal Reimbursements	250,836.35	31,752.13	282,588.48
Net Cash Provided by (used for) Non-Capital Financing Activities	250,836.35	(102,692.08)	148,144.27
Net Increase in Cash and Cash Equivalents	13,504.64	350,788.83	364,293.47
Cash and Cash Equivalents -- July 1	53,375.53	3,917,949.12	3,971,324.65
Cash and Cash Equivalents -- June 30	\$ 66,880.17	\$ 4,268,737.95	\$ 4,335,618.12
<u>Analysis of Cash Balance at June 30</u>			
Cash and Equivalents	\$ 66,880.17	\$ 4,275,358.91	\$ 4,342,239.08
Cash Deficit		(6,620.96)	(6,620.96)
	\$ 66,880.17	\$ 4,268,737.95	\$ 4,335,618.12
Reconciliation of Operating Income (Loss) to Net Cash			
Provided by (used for) Operating Activities:			
Operating Income/(Loss)	\$ (276,256.53)	\$ 488,605.12	\$ 212,348.59
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash provided by (used for) Operating Activities:			
Change in Assets & Liabilities:			
Depreciation	6,196.56	48,382.82	54,579.38
Food Distribution Program	32,135.40		32,135.40
(Increase)/Decrease in Capital Assets		(10,537.00)	(10,537.00)
(Increase)/Decrease in Other Accounts Receivable		191,182.50	191,182.50
(Increase)/Decrease in Inventory	592.86		592.86
Increase/(Decrease) in Accounts Payable		(9,618.65)	(9,618.65)
Increase/(Decrease) in Accrued Salaries and Benefits		29,002.26	29,002.26
Increase (Decrease) in Accrued Liabilities Related to Pension		(283,536.14)	(283,536.14)
Net Cash Provided by (used for) Operating Activities	\$ (237,331.71)	\$ 453,480.91	\$ 216,149.20

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Other Enterprise Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2019

	<u>CRESS</u>	<u>Non Public Services</u>	<u>One on One Teachers Assistants</u>	<u>Safe School Program</u>	<u>Therapeutic Recreation Program</u>	<u>Auxiliary Services</u>	<u>Cooperative Transportation Project</u>	<u>Total Carried Forward</u>
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from Customers	\$ 7,339,733.64	\$ 1,451,809.67	\$ 8,415,027.05		\$ 35,400.00	\$ 41,840.00	\$14,420,419.35	\$31,704,229.71
Payments to Employees	(5,413,231.68)	(1,196,334.61)	(3,467,595.98)			(22,720.30)	(181,558.31)	(10,281,440.88)
Payments for Employee Benefits	(1,869,749.54)	(281,620.75)	(3,322,510.27)			(1,878.14)	(84,640.91)	(5,560,399.61)
Payments to Suppliers	(339,919.56)	(188,944.05)	(50,000.00)		(56,068.69)		(13,627,122.04)	(14,262,054.34)
Net Cash Provided by (used for) Operating Activities	<u>(283,167.14)</u>	<u>(215,089.74)</u>	<u>1,574,920.80</u>	<u>-</u>	<u>(20,668.69)</u>	<u>17,241.56</u>	<u>527,098.09</u>	<u>1,600,334.88</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
Operating Subsidies and Transfers (To) / From Other Funds				\$ (8,260.06)				(8,260.06)
Cash Received from State & Federal Reimbursements								
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,260.06)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,260.06)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(283,167.14)	(215,089.74)	1,574,920.80	(8,260.06)	(20,668.69)	17,241.56	527,098.09	1,592,074.82
Cash and Cash Equivalents -- July 1	<u>1,176,365.29</u>	<u>886,687.54</u>	<u>226,697.49</u>	<u>\$ 8,260.06</u>	<u>17,260.86</u>	<u>59,106.24</u>	<u>(426,506.53)</u>	<u>1,947,870.95</u>
Cash and Cash Equivalents -- June 30	<u>\$ 893,198.15</u>	<u>\$ 671,597.80</u>	<u>\$ 1,801,618.29</u>	<u>\$ -</u>	<u>\$ (3,407.83)</u>	<u>\$ 76,347.80</u>	<u>\$ 100,591.56</u>	<u>\$ 3,539,945.77</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:								
Operating Income/(Loss)	\$ (194,372.59)	\$ (187,818.32)	\$ 1,444,789.96		\$ (20,668.69)	\$ 18,031.86	\$ 519,641.71	\$ 1,579,603.93
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided by (used for) Operating Activities:								
Change in Assets & Liabilities:								
Depreciation	7,231.83	22,332.34					18,132.48	47,696.65
(Increase)/Decrease in Capital Assets	(10,537.00)							(10,537.00)
(Increase)/Decrease in Accounts Receivable	93,189.39	(136,911.85)	398,361.84			(575.00)	(132,328.44)	221,735.94
Increase/(Decrease) in Accounts Payable							(7,895.99)	(7,895.99)
Increase/(Decrease) in Accrued Salaries and Benefits	25,740.24	1,539.09				(215.30)		27,064.03
Increase (Decrease) in Accrued Liabilities Related to Pension	(204,419.01)	85,769.00	(268,231.00)				129,548.33	(257,332.68)
Net Cash Provided by (used for) Operating Activities	<u>\$ (283,167.14)</u>	<u>\$ (215,089.74)</u>	<u>\$ 1,574,920.80</u>	<u>\$ -</u>	<u>\$ (20,668.69)</u>	<u>\$ 17,241.56</u>	<u>\$ 527,098.09</u>	<u>\$ 1,600,334.88</u>

(Continued)

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Proprietary Funds
 Other Enterprise Funds
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2019

	Total Brought Forward	Employee Assistance Program	Nonpublic Textbook Publishing	Additional Remedial Services Chapter I	Summer Food Service	Goals for Youth Program	Computer Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from Customers	\$31,704,229.71	\$ 42,305.81	\$ 10,540.91	\$ 386,556.89		\$ 7,998.00		\$32,151,631.32
Payments to Employees	(10,281,440.88)			(224,762.90)	\$ (2,951.36)	(5,082.50)		(10,514,237.64)
Payments for Employee Benefits	(5,560,399.61)		(525.97)	(60,995.48)	(358.88)	(414.76)	\$ (18,226.64)	(5,640,921.34)
Payments to Suppliers	(14,262,054.34)	(36,764.00)	(10,677.78)	(61,113.52)	(29,530.36)	(780.93)	(1,142,070.50)	(15,542,991.43)
Net Cash Provided by (used for) Operating Activities	<u>1,600,334.88</u>	<u>5,541.81</u>	<u>(662.84)</u>	<u>39,684.99</u>	<u>(32,840.60)</u>	<u>1,719.81</u>	<u>(1,160,297.14)</u>	<u>453,480.91</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
Operating Subsidies and Transfers (To) / From Other Funds	(8,260.06)					(80,654.62)	(45,529.53)	(134,444.21)
Cash Received from State & Federal Reimbursements					31,752.13			31,752.13
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(8,260.06)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,752.13</u>	<u>(80,654.62)</u>	<u>(45,529.53)</u>	<u>(102,692.08)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,592,074.82	5,541.81	(662.84)	39,684.99	(1,088.47)	(78,934.81)	(1,205,826.67)	350,788.83
Cash and Cash Equivalents -- July 1	<u>1,947,870.95</u>	<u>110,725.98</u>	<u>93,995.41</u>	<u>482,719.96</u>	<u>(2,124.66)</u>	<u>78,934.81</u>	<u>1,205,826.67</u>	<u>3,917,949.12</u>
Cash and Cash Equivalents -- June 30	<u>\$ 3,539,945.77</u>	<u>\$ 116,267.79</u>	<u>\$ 93,332.57</u>	<u>\$ 522,404.95</u>	<u>\$ (3,213.13)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,268,737.95</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:								
Operating Income/(Loss)	\$ 1,579,603.93	\$ 1,988.00	\$ (563.96)	\$ 100,277.35	\$ (33,557.81)	\$ 1,840.92	\$ (1,160,983.31)	\$ 488,605.12
Adjustments to Reconcile Operating Income/(Loss) to Cash provided/(Used) by Operating Activities:								
Change in Assets & Liabilities:								
Depreciation	47,696.65						686.17	48,382.82
(Increase)/Decrease in Capital Assets	(10,537.00)							(10,537.00)
(Increase)/Decrease in Accounts Receivable	221,735.94	3,553.81	(160.24)	(33,947.01)				191,182.50
Increase/(Decrease) in Accounts Payable	(7,895.99)		(218.50)	(360.37)	(1,022.68)	(121.11)		(9,618.65)
Increase/(Decrease) in Accrued Salaries and Benefits	27,064.03		279.86	(81.52)	1,739.89			29,002.26
Increase (Decrease) in Accrued Liabilities Related to Pension	(257,332.68)			(26,303.46)				(283,536.14)
Net Cash Used in Operating Activities	<u>\$ 1,600,334.88</u>	<u>\$ 5,541.81</u>	<u>\$ (662.84)</u>	<u>\$ 39,684.99</u>	<u>\$ (32,840.60)</u>	<u>\$ 1,719.81</u>	<u>\$ (1,160,297.14)</u>	<u>\$ 453,480.91</u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Internal Service Fund
Statement of Net Position
June 30, 2019

	<u>Shared Services</u>
ASSETS:	
Cash & Cash Equivalents	\$ -
Total Assets	-
LIABILITIES:	
Accrued Salaries	-
Total Liabilities	-
NET POSITION:	
Unrestricted	-
Total Net Position	\$ -

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Internal Service Fund
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2019

	<u>Shared Services</u>
OPERATING REVENUES:	
Charges for Services	\$ 1,856,907.90
Total Operating Revenues	<u>1,856,907.90</u>
OPERATING EXPENSES:	
Salaries	<u>1,856,907.90</u>
Total Operating Expenses	<u>1,856,907.90</u>
Operating Income/ (Loss)	<u>-</u>
Change in Net Position	-
Net Position -- July 1	<u>-</u>
Net Position -- June 30	<u>\$ -</u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Internal Service Fund

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2019

	<u>Shared Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers and Other Funds	\$ 1,856,907.90
Payments to Employees	<u>(1,877,112.56)</u>
Net Cash Provided by Operating Activities	<u>(20,204.66)</u>
Net Increase in Cash and Cash Equivalents	(20,204.66)
Cash and Cash Equivalents -- July 1	<u>20,204.66</u>
Cash and Cash Equivalents -- June 30	<u>\$ -</u>
<u>Analysis of Cash Balance at June 30</u>	
Cash and Cash Equivalents	<u>\$ -</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income/(Loss)	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash provided by (used for) Operating Activities:	
Change in Assets & Liabilities:	
Increase/(Decrease) in Accounts Payable	<u>(20,204.66)</u>
Net Cash Provided by Operating Activities	<u>\$ (20,204.66)</u>

FIDUCIARY FUNDS

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2019

	<u>Private-Purpose Trust Funds</u>		<u>Agency Funds</u>		
	<u>Donations Trust Fund</u>	<u>Scholarship Trust Fund</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 195,923.15	\$ 1,745.45	\$ 86,930.54	\$ 191,421.94	\$ 476,021.08
Total Assets	<u>195,923.15</u>	<u>1,745.45</u>	<u>\$ 86,930.54</u>	<u>\$ 191,421.94</u>	<u>476,021.08</u>
LIABILITIES:					
Due to Student Groups			\$ 86,930.54		86,930.54
Accrued Salary and Wages Payable				\$ 184,492.93	184,492.93
Payroll Deductions and Withholdings				799.56	799.56
Accounts Payable	5,604.67				5,604.67
Interfund Accounts Payable				6,129.45	6,129.45
Total Liabilities	<u>5,604.67</u>		<u>\$ 86,930.54</u>	<u>\$ 191,421.94</u>	<u>283,957.15</u>
NET POSITION:					
Held in Trust:					
For Students	190,318.48				190,318.48
For Scholarship Funds		1,745.45			1,745.45
Total Net Position	<u>\$ 190,318.48</u>	<u>\$ 1,745.45</u>			<u>\$ 192,063.93</u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2019

	<u>Private-Purpose Trust Funds</u>		
	<u>Donations Trust</u>	<u>Scholarship Trust</u>	<u>Total</u>
ADDITIONS:			
Local Sources:			
Gifts and Contributions	\$ 18,499.90	_____	\$ 18,499.90
Total Additions	<u>18,499.90</u>	<u>-</u>	<u>18,499.90</u>
DEDUCTIONS:			
Expenditures	<u>47,797.32</u>	_____	<u>47,797.32</u>
Total Deductions	<u>47,797.32</u>	<u>-</u>	<u>47,797.32</u>
Change in Net Position	(29,297.42)	-	(29,297.42)
Net Position, July 1	<u>219,615.90</u>	<u>\$ 1,745.45</u>	<u>221,361.35</u>
Net Position, June 30	<u><u>\$ 190,318.48</u></u>	<u><u>\$ 1,745.45</u></u>	<u><u>\$ 192,063.93</u></u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Bankbridge Vocational	\$ 27,513.30	\$ 18,756.69	\$ 31,318.83	\$ 14,951.16
Bankbridge Elementary	8,928.22	6,456.93	5,960.78	9,424.37
Bankbridge Regional	1,717.87	2,541.75	1,889.05	2,370.57
Bankbridge Development Center	22,274.19	14,833.70	7,719.67	29,388.22
Local Goals for Youth	151.83			151.83
Migrant	959.58			959.58
Miracle League Field	2,680.42	7,167.81	5,160.53	4,687.70
Sean Byrne Fund	30,737.92	2,580.00	8,320.81	24,997.11
	<u>30,737.92</u>	<u>2,580.00</u>	<u>8,320.81</u>	<u>24,997.11</u>
Total	<u>\$ 94,963.33</u>	<u>\$ 52,336.88</u>	<u>\$ 60,369.67</u>	<u>\$ 86,930.54</u>

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 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	\$ 124,003.19	\$ 42,233,258.55	\$ 42,165,839.80	\$ 191,421.94
Total Assets	<u>\$ 124,003.19</u>	<u>\$ 42,233,258.55</u>	<u>\$ 42,165,839.80</u>	<u>\$ 191,421.94</u>
LIABILITIES:				
Payroll Deductions and Withholdings		\$ 17,920,786.48	\$ 17,919,986.92	\$ 799.56
Accrued Salary and Wages	\$ 117,871.77	24,312,472.07	24,245,850.91	184,492.93
Interfund Accounts Payable	<u>6,131.42</u>		<u>1.97</u>	<u>6,129.45</u>
Total Liabilities	<u>\$ 124,003.19</u>	<u>\$ 42,233,258.55</u>	<u>\$ 42,165,839.80</u>	<u>\$ 191,421.94</u>

LONG-TERM DEBT

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2019

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>		<u>Amount Outstanding June 30, 2018</u>	<u>Issued</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2019</u>
				<u>Principal</u>	<u>Interest</u>				
GE Capital Info Tech Solutions	May 1, 2015	May 1, 2015 to April 1, 2020	5.60%	\$ 367,987.15	\$ 54,772.65	\$ 146,995.10		\$ 78,309.62	\$ 68,685.48
						<u>\$ 146,995.10</u>	<u>\$ -</u>	<u>\$ 78,309.62</u>	<u>\$ 68,685.48</u>

STATISTICAL SECTION

Financial Trends Information

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

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

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities										
Net Investment in Capital Assets	\$ 27,107,865.10	\$ 27,773,313.09	\$ 28,525,619.26	\$ 29,337,277.76	\$ 30,015,884.18	\$ 30,708,223.97	\$ 31,589,303.91	\$ 32,112,273.04	\$ 32,536,658.16	\$ 32,918,945.03
Restricted	536,446.00	536,444.00	536,442.00	536,440.00	628,653.00	628,651.00	628,591.00	671,006.23	1,097,727.46	806,186.29
Unrestricted (Deficit)	<u>(17,585,333.07)</u>	<u>(16,166,945.50)</u>	<u>(14,731,249.40)</u>	<u>(12,835,372.25)</u>	<u>(24,112,249.65)</u>	<u>4,925,761.43</u>	<u>4,434,709.73</u>	<u>4,266,374.13</u>	<u>3,106,737.83</u>	<u>4,555,797.97</u>
Total Governmental Activities Net Position	<u>\$ 10,058,978.03</u>	<u>\$ 12,142,811.59</u>	<u>\$ 14,330,811.86</u>	<u>\$ 17,038,345.51</u>	<u>\$ 6,532,287.53</u>	<u>\$ 36,262,636.40</u>	<u>\$ 36,652,604.64</u>	<u>\$ 37,049,653.40</u>	<u>\$ 36,741,123.45</u>	<u>\$ 38,280,929.29</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 296,397.33	\$ 343,673.03	\$ 383,178.25	\$ 367,463.06	\$ 409,441.10	\$ 278,367.85	\$ 326,681.20	\$ 395,535.05	\$ 397,462.30	\$ 124,625.91
Unrestricted (Deficit)	<u>(4,559,753.40)</u>	<u>(5,479,784.96)</u>	<u>(4,938,272.43)</u>	<u>(1,755,467.64)</u>	<u>11,363,566.15</u>	<u>10,893,610.92</u>	<u>10,675,326.51</u>	<u>10,649,339.12</u>	<u>10,125,159.02</u>	<u>9,714,339.99</u>
Total Business-type Activities Net Position (Deficit)	<u>\$ (4,263,356.07)</u>	<u>\$ (5,136,111.93)</u>	<u>\$ (4,555,094.18)</u>	<u>\$ (1,388,004.58)</u>	<u>\$ 11,773,007.25</u>	<u>\$ 11,171,978.77</u>	<u>\$ 11,002,007.71</u>	<u>\$ 11,044,874.17</u>	<u>\$ 10,522,621.32</u>	<u>\$ 9,838,965.90</u>
District-wide										
Net Investment in Capital Assets	\$ 27,404,262.43	\$ 28,116,986.12	\$ 28,908,797.51	\$ 29,704,740.82	\$ 30,425,325.28	\$ 30,986,591.82	\$ 31,915,985.11	\$ 32,507,808.09	\$ 32,934,120.46	\$ 33,043,570.94
Restricted	536,446.00	536,444.00	536,442.00	536,440.00	628,653.00	628,651.00	628,591.00	671,006.23	1,097,727.46	806,186.29
Unrestricted (Deficit)	<u>(22,145,086.47)</u>	<u>(21,646,730.46)</u>	<u>(19,669,521.83)</u>	<u>(14,590,839.89)</u>	<u>(12,748,683.50)</u>	<u>15,819,372.35</u>	<u>15,110,036.24</u>	<u>14,915,713.25</u>	<u>13,231,896.85</u>	<u>14,270,137.96</u>
Total District-wide Net Position	<u>\$ 5,795,621.96</u>	<u>\$ 7,006,699.66</u>	<u>\$ 9,775,717.68</u>	<u>\$ 15,650,340.93</u>	<u>\$ 18,305,294.78</u>	<u>\$ 47,434,615.17</u>	<u>\$ 47,654,612.35</u>	<u>\$ 48,094,527.57</u>	<u>\$ 47,263,744.77</u>	<u>\$ 48,119,895.19</u>

NOTES:

- (1) Source: CAFR Exhibit A-1
 (2) Amounts for the years 2019 through 2015 include the Implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* - an amendment of GASB Statement No. 68.
 (3) Amounts for 2019 through 2017 include the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net Expenses										
Governmental Activities										
Instruction										
Special Education	\$ 11,571,368.12	\$ 11,789,476.06	\$ 11,737,976.69	\$ 12,090,005.76	\$ 11,874,779.37	\$ 11,187,859.01	\$ 10,793,258.22	\$ 10,685,256.15	\$ 10,233,473.72	\$ 10,953,706.38
Other Special Education	91,908.96	405,434.42	387,381.49	395,769.57	403,498.13	430,371.71	377,147.27	390,512.81	528,217.01	765,682.80
Support Services:										
Student & Instruction Related Services	7,489,863.11	7,032,416.85	7,124,019.79	6,827,578.96	6,476,707.98	6,677,309.69	6,681,446.29	6,026,861.76	5,695,090.31	6,948,586.79
General Administrative Services	309,426.04	320,648.71	369,090.64	329,968.60	297,506.18	295,150.54	572,661.09	373,732.21	656,873.18	810,737.36
School Administrative Services	1,409,149.79	1,477,772.54	1,554,274.98	1,465,680.76	1,394,016.43	1,345,315.87	1,136,037.69	1,218,822.26	1,046,291.97	1,029,062.23
Central Services	2,106,063.07	2,141,938.93	2,118,638.77	2,275,353.09	2,332,634.10	2,358,550.74	1,798,200.81	1,775,475.03	1,518,606.30	1,431,652.02
Plant Operations and Maintenance	2,947,099.46	3,033,161.09	3,023,812.77	3,028,317.51	2,944,427.16	2,984,850.74	3,304,914.06	2,938,633.91	2,924,087.38	2,872,349.52
Pupil Transportation	32,044.61	53,293.77	60,222.03	72,346.45	66,096.07	56,095.79	54,653.92	43,401.62	26,357.53	23,997.96
Allocated Benefits										31,495.56
Unallocated Benefits	19,866,856.50	24,482,665.65	19,529,372.11	15,652,129.80	13,858,030.29	9,902,108.80	9,308,633.13	8,307,422.90	7,680,748.34	7,594,093.32
Capital Outlay					4,949.71	1,009,415.12	1,009,608.84	482,286.45		
Unallocated Depreciation	271,981.49	305,783.72	305,783.72	302,460.35	301,875.27	301,592.27	303,183.40	296,475.64	257,303.85	28,724.71
Total Governmental Activities Expenses	46,095,761.15	51,042,591.74	46,210,572.99	42,439,610.85	39,954,520.69	36,548,620.28	35,339,744.72	32,538,880.74	30,567,049.59	32,490,088.65
Business-type Activities:										
Food Service	474,322.94	473,897.71	499,728.57	496,994.50	482,224.27	483,136.88	484,802.89	444,151.54	493,710.53	521,436.25
Enterprise Other	31,471,843.70	30,591,676.16	32,199,627.32	29,197,131.40	28,210,660.46	27,319,525.58	24,302,243.76	24,308,301.53	22,086,630.32	17,625,181.16
Total Business-type Activities Expense	31,946,166.64	31,065,573.87	32,699,355.89	29,694,125.90	28,692,884.73	27,802,662.46	24,787,046.65	24,752,453.07	22,580,340.85	18,146,617.41
Total District Expenses	\$ 78,041,927.79	\$ 82,108,165.61	\$ 78,909,928.88	\$ 72,133,736.75	\$ 68,647,405.42	\$ 64,351,282.74	\$ 60,126,791.37	\$ 57,291,333.81	\$ 53,147,390.44	\$ 50,636,706.06
Program Revenues										
Governmental Activities:										
Charges for Services:										
Business and Other Support Services	\$ 1,856,907.90	\$ 1,784,700.10	\$ 1,793,824.69	\$ 1,874,703.52	\$ 1,794,376.71	\$ 1,811,103.08	\$ 1,213,241.12	\$ 1,597,280.07	\$ 1,675,054.74	\$ 1,781,561.12
Operating Grants and Contributions	14,245,659.19	18,343,073.89	12,328,546.03	9,695,587.43	8,003,311.33	4,546,100.82	4,899,543.12	4,515,353.55	4,027,269.58	6,083,330.64
Total Governmental Activities Program Revenues	16,102,567.09	20,127,773.99	14,122,370.72	11,570,290.95	9,797,688.04	6,357,203.90	6,112,784.24	6,112,633.62	5,702,324.32	7,864,891.76
Business-type activities:										
Charges for services:										
Food Service	198,066.41	191,640.00	195,290.35	180,290.83	185,216.42	230,321.43	142,851.02	219,657.51	52,910.49	244,645.38
Enterprise Other	31,960,448.82	29,891,582.14	29,159,177.85	28,037,584.52	28,778,685.35	27,185,292.77	25,036,780.19	24,789,739.10	22,877,124.27	19,810,794.92
Operating Grants and Contributions	280,211.92	306,333.98	334,323.64	334,947.04	334,569.92	383,205.30	353,881.98	215,474.66	277,764.36	318,000.65
Total Business-type Activities Program Revenues	32,438,727.15	30,389,556.12	29,688,791.84	28,552,822.39	29,298,471.69	27,798,819.50	25,533,513.19	25,224,871.27	23,207,799.12	20,373,440.95
Total District Program Revenues	\$ 48,541,294.24	\$ 50,517,330.11	\$ 43,811,162.56	\$ 40,123,113.34	\$ 39,096,159.73	\$ 34,156,023.40	\$ 31,646,297.43	\$ 31,337,504.89	\$ 28,910,123.44	\$ 28,238,332.71
Net (Expense)/Revenue										
Governmental Activities	\$ (29,993,194.06)	\$ (30,914,817.75)	\$ (32,088,202.27)	\$ (30,156,832.65)	\$ (30,156,832.65)	\$ (30,191,416.38)	\$ (29,226,960.48)	\$ (26,426,247.12)	\$ (24,864,725.27)	\$ (24,625,196.89)
Business-type Activities	492,560.51	(676,017.75)	(3,010,564.05)	605,586.96	605,586.96	(3,842.96)	746,466.54	472,418.20	627,458.27	2,226,823.54
Total District-wide Net Expense	\$ (29,500,633.55)	\$ (31,590,835.50)	\$ (35,098,766.32)	\$ (29,551,245.69)	\$ (29,551,245.69)	\$ (30,195,259.34)	\$ (28,480,493.94)	\$ (25,953,828.92)	\$ (24,237,267.00)	\$ (22,398,373.35)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
County Appropriation	\$ 800,000.00	\$ 618,078.00	\$ 563,078.00	\$ 563,078.00	\$ 563,078.00	\$ 1,319,113.00	\$ 1,227,762.00	\$ 499,211.00	\$ 827,710.00	\$ (675,497.65)
Tuition - LEA's	26,129,199.65	26,705,432.00	27,122,568.41	26,860,682.04	27,137,777.50	26,749,575.88	26,056,788.14	25,124,391.52	23,463,701.07	23,993,387.59
Nonresident Fees	921,114.64	986,298.10	1,011,394.88	1,046,105.95	1,083,782.16	1,096,776.72	1,038,950.92	996,178.62	848,926.96	898,782.01
Unrestricted Grants and Contributions								27,664.41	25,190.25	41,758.10
Federal, State and Local Aid Restricted	82,580.28	64,720.35	63,355.45	83,321.25	269,275.95	13,833.09	43,736.56		39,844.65	
Investment Earnings								12,983.81	22,548.57	
Miscellaneous Income	356,661.28	291,769.03	624,349.21	794,839.02	339,797.34	631,512.38	457,817.48	331,478.80	626,347.47	455,184.26
Other Items:										
Cancellation of Prior Year Payable/(Receivable)					(2,655.76)	(2,479.51)	27,591.52	(255,242.84)	(37,710.80)	
Refund of Prior Period Tuition/Revenue				(3,762.48)	(1,460.62)		(18,975.01)		(2,283,563.90)	
Transfers	(380,195.35)				2,644.84					(64,848.00)
Refund of Capital Outlay Expenditures				0.02	0.37				64,086.70	
Gain / (Loss) on Disposal of Capital Assets			(4,077.33)			(6,883.42)	(3,759.89)	(1,888.25)	(272,161.54)	(26,947.14)
Total Governmental Activities	27,909,360.50	28,666,297.48	29,380,668.62	29,344,263.80	29,392,239.78	29,801,448.14	28,829,911.72	26,734,777.07	23,324,919.43	24,621,819.17

(Continued)

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

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Revenues and Other Changes in Net Position (Continued)										
Business-type Activities:										
County Appropriation		\$ 95,000.00				\$ 243,965.00	\$ 335,316.00	\$ 63,867.00	\$ 65,368.00	\$ 61,960.00
Other Items (Cont'd):										
Capital Contributions						(50,000.00)	(1,050,000.00)			
Adjustment of Accrued Pension Liability			\$ 9,100.43							
Adjustment of Prior Period Tuition/Revenue				\$ 23,273.72	\$ 2,259.84	(1,560.02)	(8,052.19)	(3,761.59)	(69,750.08)	
Transfers	\$ 380,195.35		(165,625.98)		(2,644.84)				265,503.21	64,848.00
Gain / (Loss) on Disposal of Capital Assets					(4,173.48)	(6,130.16)	(4,636.04)	(2,291.30)		
Cancellation of Prior Year Payable/(Receivable)				(11,867.96)		(12,460.80)	(61,960.77)	(7,979.46)	(204,923.98)	(682,531.66)
Total Business-type Activities	<u>380,195.35</u>	<u>95,000.00</u>	<u>(156,525.55)</u>	<u>11,405.76</u>	<u>(4,558.48)</u>	<u>173,814.02</u>	<u>(789,333.00)</u>	<u>49,834.65</u>	<u>56,197.15</u>	<u>-555,723.66</u>
Total District-wide	<u>\$ 28,289,555.85</u>	<u>\$ 28,761,297.48</u>	<u>\$ 29,224,143.07</u>	<u>\$ 29,355,669.56</u>	<u>\$ 29,387,681.30</u>	<u>\$ 29,975,262.16</u>	<u>\$ 28,040,578.72</u>	<u>\$ 26,784,611.72</u>	<u>\$ 23,381,116.58</u>	<u>\$ 24,066,095.51</u>
Change in Net Position										
Governmental Activities	\$ (2,083,833.56)	\$ (2,248,520.27)	\$ (2,707,533.65)	\$ (812,568.85)	\$ (764,592.87)	\$ (389,968.24)	\$ (397,048.76)	\$ 308,529.95	\$ (1,539,805.84)	\$ (3,377.72)
Business-type Activities	<u>872,755.86</u>	<u>(581,017.75)</u>	<u>(3,167,089.60)</u>	<u>616,992.72</u>	<u>601,028.48</u>	<u>169,971.06</u>	<u>(42,866.46)</u>	<u>522,252.85</u>	<u>683,655.42</u>	<u>1,671,099.88</u>
Total District	<u>\$ (1,211,077.70)</u>	<u>\$ (2,829,538.02)</u>	<u>\$ (5,874,623.25)</u>	<u>\$ (195,576.13)</u>	<u>\$ (163,564.39)</u>	<u>\$ (219,997.18)</u>	<u>\$ (439,915.22)</u>	<u>\$ 830,782.80</u>	<u>\$ (856,150.42)</u>	<u>\$ 1,667,722.16</u>

Source: District Records

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

	Fiscal Year Ending June 30,									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund										
Reserved										\$ 1,259,522.21
Unreserved										4,913,741.10
Restricted	\$ 536,446.00	\$ 536,444.00	\$ 536,442.00	\$ 536,440.00	\$ 628,653.00	\$ 628,651.00	\$ 628,591.00	\$ 627,991.00	\$ 626,891.00	
Assigned	2,121,252.47	3,376,811.65	3,983,174.67	4,369,619.92	3,828,727.00	4,029,213.00	3,382,509.84	3,121,816.55	2,763,906.87	
Unassigned	1,905,680.75	1,199,807.76	1,509,429.31	1,568,456.78	2,158,429.85	1,962,641.77	2,018,720.21	2,136,731.20	1,310,439.66	
Total General Fund	<u>\$ 4,563,379.22</u>	<u>\$ 5,113,063.41</u>	<u>\$ 6,029,045.98</u>	<u>\$ 6,474,516.70</u>	<u>\$ 6,615,809.85</u>	<u>\$ 6,620,505.77</u>	<u>\$ 6,029,821.05</u>	<u>\$ 5,886,538.75</u>	<u>\$ 4,701,237.53</u>	<u>\$ 6,173,263.31</u>
All Other Governmental Funds										
Reserved										\$ 243,381.99
Restricted, Reported in:										
Capital Projects Fund									\$ 335,764.56	
Assigned, Reported in:										
Capital Projects Fund							\$ 43,015.23	135,071.90		
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,015.23</u>	<u>\$ 470,836.46</u>	<u>\$ 243,381.99</u>

Source: District Records

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

	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
County Appropriation	\$ 800,000.00	\$ 618,078.00	\$ 563,078.00	\$ 563,078.00	\$ 563,078.00	\$ 1,319,113.00	\$ 1,227,762.00	\$ 499,211.00	\$ 827,710.00	\$ (611,410.95)
Tuition Charges	27,050,314.29	27,691,730.10	28,133,963.29	27,906,787.99	28,221,559.66	27,846,352.60	27,095,739.06	26,120,570.14	24,312,628.03	24,892,169.60
Interest Earnings								12,983.81		
Miscellaneous	356,661.28	291,769.03	690,128.05	885,578.45	423,492.91	701,446.60	528,194.23	444,229.07	757,425.72	553,798.38
State Sources	5,293,333.04	4,563,173.92	4,134,576.93	3,615,291.69	3,120,068.14	2,785,990.32	3,067,756.42	2,459,444.08	2,073,648.60	4,152,240.27
Federal Sources	2,009,729.43	1,603,037.32	1,722,606.71	2,117,317.56	1,924,184.57	1,704,009.37	1,805,146.51	1,970,823.61	1,910,126.20	1,810,147.65
Total Revenue	35,510,038.04	34,767,788.37	35,244,352.98	35,088,053.69	34,252,383.28	34,356,911.89	33,724,598.22	31,507,261.71	29,881,538.55	30,796,944.95
Expenditures										
Instruction										
Special Education Instruction	11,409,579.86	11,607,580.54	11,559,235.57	11,913,554.25	11,711,242.43	11,029,395.32	10,648,766.62	10,608,697.43	10,145,551.41	10,909,069.12
Other Special Instruction	91,908.96	405,434.42	387,381.49	395,769.57	403,498.13	430,371.71	377,147.27	382,512.11	528,217.01	671,776.77
Support Services:										
Student & Instruction Related Services	7,480,819.68	7,022,249.49	7,114,260.45	6,817,837.57	6,475,666.31	6,651,409.59	6,667,705.44	5,999,235.94	5,486,068.86	6,766,274.21
General Administrative Services	263,789.87	269,340.81	317,992.49	278,296.49	243,102.86	241,363.57	509,442.52	309,459.96	439,642.93	508,233.66
School Administrative Services	1,408,925.34	1,477,520.19	1,552,760.88	1,464,166.66	1,392,046.71	1,342,448.18	1,130,200.99	1,209,373.59	1,036,028.35	1,018,798.61
Central Services	249,155.17	357,238.83	324,814.08	400,649.57	541,667.12	547,447.66	584,959.69	174,564.54	169,417.41	215,121.69
Plant Operations and Maintenance	2,628,225.06	2,660,668.85	2,649,916.66	2,656,460.19	2,514,077.24	2,544,542.50	2,833,071.52	2,473,996.57	2,440,134.60	2,415,022.98
Pupil Transportation	20,242.31	40,024.66	38,875.54	50,999.96	43,963.87	28,619.35	27,177.48	25,169.17	8,125.08	8,791.13
Unallocated Employee Benefits	7,494,622.96	7,462,406.31	7,777,326.35	7,676,276.58	7,828,370.99	7,313,650.46	6,568,435.01	6,120,518.90	5,991,257.08	5,866,768.04
On-Behalf Pension Contributions	3,987,458.00	3,244,427.00	2,820,829.00	2,375,613.00	1,826,907.00	1,495,144.00	1,810,579.00	1,199,881.00	841,926.00	785,937.00
Reimbursed TPAF Social Security	1,008,770.04	1,014,537.81	1,011,873.33	939,523.69	990,556.14	993,741.32	955,272.42	962,458.08	934,617.60	941,388.28
Capital Outlay	150,669.19	122,342.03	134,557.86	256,436.85	495,321.71	1,145,614.00	1,819,110.70	1,028,671.59	847,935.53	789,987.55
Total Expenditures	36,194,166.44	35,683,770.94	35,689,823.70	35,225,584.38	34,466,420.51	33,763,747.66	33,931,868.66	30,494,538.88	28,868,921.86	30,897,169.04
Excess (Deficiency) of Revenues Over (Under) Expenditures	(684,128.40)	(915,982.57)	(445,470.72)	(137,530.69)	(214,037.23)	593,164.23	(207,270.44)	1,012,722.83	1,012,616.69	(100,224.09)
Other Financing Sources (Uses)										
Special Revenue Fund Adjustment				0.02						
Capital Projects Fund Adjustment								(4,258.06)		
Cancellation of Prior Year Payables/(Receivables)					(2,655.76)	(2,479.51)	27,591.37	(250,984.78)	(37,710.80)	
Capital Lease (Non-Budget)					210,812.48		298,921.00			
Refund of Prior Period Tuition/Revenue				(3,762.48)	(1,460.25)		(18,974.86)		(2,283,563.90)	
Refund of Capital Outlay Expenditures									64,086.70	
Transfers In/(Out)	134,444.21				2,644.84					(64,848.00)
Total Other Financing Sources (Uses)	134,444.21	-	-	(3,762.46)	209,341.31	(2,479.51)	307,537.51	(255,242.84)	(2,257,188.00)	(64,848.00)
Net Change in Fund Balances	\$ (549,684.19)	\$ (915,982.57)	\$ (445,470.72)	\$ (141,293.15)	\$ (4,695.92)	\$ 590,684.72	\$ 100,267.07	\$ 757,479.99	\$ (1,244,571.31)	\$ (165,072.09)

Source: District Records

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

	Fiscal Year Ending June 30,									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tuition - LEA's	\$ 26,129,199.65	\$ 26,705,432.00	\$ 27,154,514.79	\$ 26,860,682.04	\$ 27,137,777.50	\$ 26,749,575.88	\$ 26,056,788.14	\$ 25,124,391.52	\$ 23,463,701.07	\$ 23,993,387.59
Nonresident Fees	921,114.64	986,298.10	1,011,394.88	1,046,105.95	1,083,782.16	1,096,776.72	1,038,950.92	996,178.62	848,926.96	898,782.01
Interest Earned on Capital Reserve Funds	1.00	1.00	1.00					1,000.00		
Interest Earned on Maint. Reserve Funds	1.00	1.00	1.00							
Interest Earned on Investments	4,755.44			504.31	132.58	117.23	1,876.97	11,983.81	22,548.57	27,786.55
Refunds of Prior Years Revenues						8,886.90	9,771.24		281,213.51	50,863.70
Refunds of Prior Years Expenditures	15.28			516,800.86	37,266.50	147,076.49	50,894.92	64,715.13		
Indirect Costs	42,046.31				60,361.71	69,975.34	65,646.45	59,556.00	72,833.64	83,477.00
Rent									10,500.00	
Retail Trades	50,274.69				37,007.76	46,478.27	184,296.47	180,769.87	209,480.36	55,184.72
Miscellaneous	259,567.56	291,767.03	624,347.21	277,533.85	205,028.79	358,978.15	145,331.43	26,437.80	52,319.96	237,872.29
	<u>\$ 27,406,975.57</u>	<u>\$ 27,983,499.13</u>	<u>\$ 28,790,258.88</u>	<u>\$ 28,701,627.01</u>	<u>\$ 28,561,357.00</u>	<u>\$ 28,477,864.98</u>	<u>\$ 27,553,556.54</u>	<u>\$ 26,465,032.75</u>	<u>\$ 24,961,524.07</u>	<u>\$ 25,347,353.86</u>

Source: District Records

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2019	Unavailable	Unavailable	Unavailable	Unavailable
2018	291,408	Unavailable	Unavailable	4.2%
2017	292,206	\$ 15,342,568,236	\$ 52,506	4.7%
2016	292,330	14,618,253,980	50,006	5.1%
2015	291,479	14,223,883,721	48,799	6.1%
2014	290,951	13,559,189,453	46,603	7.1%
2013	289,940	13,096,299,860	45,169	8.5%
2012	289,671	12,986,819,943	44,833	10.0%
2011	289,363	12,583,818,144	43,488	9.3%
2010	288,602	11,951,297,422	41,411	10.0%

Source:

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

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

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Amazon	4,500	1	3.06%			
Inspira Medical Center - Woodbury	2,051	3	1.39%			
Underwood Memorial Hospital				1,825	1	1.20%
Rowan University	3,500	2	2.38%	1,300	2	0.85%
Kennedy University Hospital/Jefferson	2,015	4	1.37%	1,200	3	0.79%
Shop Rite	1,300	5	0.88%			
Missa Bay				950	4	0.62%
U.S. Food Service	1,014	6	0.69%	800	5	0.52%
Godwin Pumps / ITT				640	6	0.42%
Drugstore.com				450	9	0.29%
Valero Refining Co.				540	7	0.35%
Delaware Valley Floral Group				500	8	0.33%
Walmart Turnersville	800	7	0.54%			
Penske	700	8	0.48%			
Heritage's Dairy Stores	520	9	0.35%	450	10	0.29%
United Methodist Community at Pitman	500	10	0.34%			
	<u>16,900</u>		<u>11.48%</u>	<u>8,655</u>		<u>5.67%</u>

Operating Information

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

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

<u>Fiscal</u>	<u>Enrollment</u>	<u>Operating Expenditures (1)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (2)</u>	<u>Average Daily Enrollment (ADE) (3)</u>	<u>Average Daily Attendance (ADA) (3)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2019	588.0	\$ 36,043,497.25	\$ 61,298.46	8.42%	199.2	604.1	554.6	-4.73%	91.81%
2018	629.0	35,561,428.91	56,536.45	10.19%	212.3	634.1	580.3	-8.50%	91.51%
2017	690.0	35,555,265.84	51,306.30	3.39%	214.0	693.0	634.5	-1.66%	91.56%
2016	672.5	34,969,147.53	49,622.74	3.49%	214.5	704.7	652.0	-3.11%	92.52%
2015	708.5	33,971,098.80	47,947.92	7.31%	213.1	727.3	668.1	-0.42%	91.86%
2014	730.0	32,618,133.66	44,682.37	-1.97%	237.0	730.4	667.1	-1.04%	91.33%
2013	704.5	32,112,757.96	45,582.34	7.51%	211.0	738.1	678.4	1.08%	91.91%
2012	695.0	29,465,867.29	42,396.93	-1.20%	204.0	730.2	666.8	5.44%	91.32%
2011	653.0	28,020,986.33	42,911.16	7.04%	Not available	692.5	636.1	-9.14%	91.86%
2010	751.0	30,107,181.49	40,089.46	7.55%	Not available	762.2	692.5	1.40%	90.86%

Sources: District records, ASSA and Schedule J-4

Note: Enrollment based on annual October district count.

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
District Building										
Special Education										
Bankbridge Elementary (2002)										
Square Feet	39,081	39,081	39,081	39,081	39,081	39,081	39,081	39,081	39,081	39,081
Capacity (students) ¹										
Bankbridge Regional School (2000)										
Square Feet	79,670	79,670	79,670	79,670	79,670	79,670	79,670	79,670	79,670	79,670
Capacity (students) ¹										
Bankbridge Development Center (2007)										
Square Feet	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200
Capacity (students) ¹										
Enrollment ²	588.0	629.0	690.0	672.5	708.5	730.0	704.5	695.0	653.0	751.0

Number of Schools at June 30, 2019
 Special Education = 3

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

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

Source: District records, ASSA

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

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

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

* School Facilities	Project # (s)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Bankbridge Elementary School	SP 200456	\$ 34,223	\$ 28,936	\$ 44,896	\$ 38,161	\$ 35,836	\$ 55,793	\$ 170,876	\$ 20,297	\$ 20,143	\$ 32,059
Bankbridge Regional School	SP 98129	130,267	99,367	111,544	163,231	60,145	106,152	102,347	105,893	73,230	41,615
Bankbridge Development Center	N/A	53,611	33,395	20,799	18,449	39,128	24,042	73,257	19,271	45,410	22,518
Total School Facilities		<u>\$ 218,101</u>	<u>\$ 161,698</u>	<u>\$ 177,239</u>	<u>\$ 219,841</u>	<u>\$ 135,109</u>	<u>\$ 185,987</u>	<u>\$ 346,480</u>	<u>\$ 145,460</u>	<u>\$ 138,783</u>	<u>\$ 96,192</u>

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

Source: District Records

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Insurance Schedule

June 30, 2019

Unaudited

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

(1) - New Jersey School Insurance Group

(2) - Western Surety

(3) - Monumental Life Insurance Company

(4) - Berkley Life and Health Insurance Company

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

Source: District Records

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Gloucester County Special Services School District's, a component unit of the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2019. The School District's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the School District'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 federal and state program. However, our audit does not provide a legal determination of the Gloucester County Special Services School District's, a component unit of the County of Gloucester, State of New Jersey, compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Gloucester County Special Services School District, a component unit of the County of Gloucester, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Gloucester County Special Services School District, a component unit of the County of Gloucester, State of New Jersey, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Gloucester County Special Services School District's internal control over compliance.

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

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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



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

Woodbury, New Jersey
December 18, 2019

Gloucester County Special Services School District
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2019

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal FAIN Number	Pass-Through Entity Identifying Number	Program or Award Amount	Grant Period		Balance at June 30, 2018	Carryover / (Walkover) Amount
					From	To		
General Fund:								
U.S. Department of Health and Human Services:								
Passed-through State Department of Education:								
Medical Assistance Program (SEMI)	93.778	1905NJ5MAP	N/A	\$ 90,706.56	07/01/18	06/30/19		
Medical Assistance Program (SEMI)	93.778	1805NJ5MAP	N/A	60,797.68	07/01/17	06/30/18		
Total Medical Assistance Program Cluster							-	-
Total General Fund and Total U.S. Department of Health and Human Services:								
							-	-
Special Revenue Fund:								
U.S. Department of Education:								
Passed-through State Department of Education:								
Migrant Education - State Program - Title I, Part C								
Migrant Education Project	84.011	S011A190030	100-034-5060-019	855,000.00	05/01/19	12/31/19		
Migrant Education Project	84.011	S011A180030	100-034-5060-019	1,433,245.00	01/01/18	04/30/19	\$ (526,513.00)	
Total Migrant Education - State Program - Title I, Part C							(526,513.00)	-
Education for Homeless Children and Youth:								
McKinney-Vento Ed for Homeless Children	84.196A	S196A190031	100-034-5060-021	775,871.00	07/01/18	06/30/19		
McKinney-Vento Ed for Homeless Children	84.196A	S196A180031	100-034-5060-021	263,688.00	07/01/17	06/30/18	(105,593.00)	
Total Education for Homeless Children and Youth							(105,593.00)	-
Total Special Revenue Fund								
							(632,106.00)	-
Enterprise Fund:								
U.S. Department of Agriculture								
Passed-through State Department of Education:								
Child Nutrition Cluster:								
Non-Cash Assistance:								
Food Distribution Program	10.555	191NJ304N1099	N/A	32,135.40	07/01/18	06/30/19		
Food Distribution Program	10.555	181NJ304N1099	N/A	40,977.31	07/01/17	06/30/18	5,976.97	
Cash-Assistance:								
Breakfast Program	10.553	191NJ304N1099	100-030-3350-021	77,996.56	07/01/18	06/30/19		
Breakfast Program	10.553	181NJ304N1099	100-030-3350-021	86,759.06	07/01/17	06/30/18	(17,144.10)	
National School Lunch Program	10.555	191NJ304N1099	100-010-3350-023	134,158.96	07/01/18	06/30/19		
National School Lunch Program	10.555	181NJ304N1099	100-010-3350-023	147,369.96	07/01/17	06/30/18	(28,495.83)	
Summer Food Service Program	10.559	191NJ304N1099	N/A	31,752.13	07/01/18	06/30/19		
Total Child Nutrition Cluster							(39,662.96)	-
Total Enterprise Fund								
							(39,662.96)	-
Total Federal Financial Assistance								
							\$ (671,768.96)	\$ -

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

(A) - Difference due to rounding adjustment.

Cash Received	Budgetary Expenditures			Passed- Through to Subrecipients	Adjustments (A)	Repayment of Prior Years' Balances	Balance at June 30, 2019		
	Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ 90,706.56	\$ 90,706.56		\$ 90,706.56						
60,797.68	60,797.68		60,797.68						
151,504.24	151,504.24	-	151,504.24	-	-	-	-	-	-
151,504.24	151,504.24	-	151,504.24	-	-	-	-	-	-
891,541.00	231,772.54 906,732.00		231,772.54 906,732.00				\$ (231,772.54) (541,704.00)		
891,541.00	1,138,504.54	-	1,138,504.54	-	-	-	(773,476.54)	-	-
421,479.00	719,720.65		719,720.65				(298,241.65)		
105,593.00			-				-		
527,072.00	719,720.65	-	719,720.65	-	-	-	(298,241.65)	-	-
1,418,613.00	1,858,225.19	-	1,858,225.19	-	-	-	(1,071,718.19)	-	-
32,135.40	28,453.61 5,976.97		28,453.61 5,976.97					\$ 3,681.79	
73,537.33	77,996.56		77,996.56				(4,459.23)		
17,144.10									
126,864.39	134,158.96		134,158.96				(7,294.57)		
28,495.83									
31,752.13	31,752.13		31,752.13						
309,929.18	278,338.23	-	278,338.23	-	-	-	(11,753.80)	3,681.79	-
309,929.18	278,338.23	-	278,338.23	-	-	-	(11,753.80)	3,681.79	-
\$ 1,880,046.42	\$ 2,288,067.66	\$ -	\$ 2,288,067.66	\$ -	\$ -	\$ -	(1,083,471.99)	\$ 3,681.79	\$ -

Gloucester County Special Services School District
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2019

State Grantor / Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2018		Carryover / (Walkover) Amount
			From	To	Unearned Revenue / (Accounts Receivable)	Due to Grantor	
General Fund:							
New Jersey Department of Education:							
Current Expense:							
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	\$ 1,008,770.04	07/01/18	06/30/19			
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	1,014,537.81	07/01/17	06/30/18	\$ (49,151.80)		
Total Reimbursed TPAF Social Security Contributions					(49,151.80)	-	-
On-behalf T.P.A.F. Pension Contributions:							
Normal Cost	19-495-034-5094-002	2,684,847.00	7/1/2018	6/30/2019			
Non-Contributory Insurance	19-495-034-5094-004	56,201.00	7/1/2018	6/30/2019			
Long-Term Disability Insurance Contribution	19-495-034-5094-004	3,075.00	7/1/2018	6/30/2019			
Post-Retirement Medical	19-495-034-5094-001	1,243,335.00	7/1/2018	6/30/2019			
Total On-Behalf TPAF Pension Contributions (non-budgeted)					-	-	-
Total General Fund					(49,151.80)	-	-
Special Revenue Fund:							
State Department Children and Families:							
School Based Youth Services	19-100-054-7500-068	297,105.00	07/01/18	06/30/19			
Total School Based Youth Services						-	-
Total State Department of Children and Families					-	-	-
Total Special Revenue Fund					-	-	-
Enterprise Fund:							
New Jersey Department of Agriculture:							
State School Lunch Program	19-100-010-3350-023	4,168.87	07/01/18	06/30/19			
State School Lunch Program	18-100-010-3350-023	4,417.15	07/01/17	06/30/18	(853.53)		
Total New Jersey Department of Agriculture					(853.53)	-	-
Total Enterprise Fund					(853.53)	-	-
Total State Financial Assistance					\$ (50,005.33)	\$ -	\$ -
Less: State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
On-behalf T.P.A.F. Pension Contributions:							
Normal Cost	19-495-034-5094-002	2,684,847.00	07/01/18	06/30/19			
Non-Contributory Insurance	19-495-034-5094-004	56,201.00	07/01/18	06/30/19			
Long-Term Disability Insurance Contribution	19-495-034-5094-004	3,075.00	07/01/18	06/30/19			
Post-Retirement Medical	19-495-034-5094-001	1,243,335.00	07/01/18	06/30/19			
Total General Fund (Non-Cash Assistance)							
Total State Financial Assistance subject to Major Program Determination for State Single Audit							

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

Cash Received	Total Budgetary Expenditures	Passed-Through to Subrecipients	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2019			(Memo Only)	
					(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2019	Cumulative Total Expenditures
\$ 960,038.50 49,151.80	\$ 1,008,770.04				\$ (48,731.54)				\$ 1,008,770.04 1,014,537.81
1,009,190.30	1,008,770.04	-	-	-	(48,731.54)	-	-	-	2,023,307.85
2,684,847.00 56,201.00 3,075.00 1,243,335.00	2,684,847.00 56,201.00 3,075.00 1,243,335.00								2,684,847.00 56,201.00 3,075.00 1,243,335.00
3,987,458.00	3,987,458.00	-	-	-	-	-	-	-	3,987,458.00
4,996,648.30	4,996,228.04	-	-	-	(48,731.54)	-	-	-	6,010,765.85
297,105.00	297,105.00								297,105.00
297,105.00	297,105.00	-	-	-	-	-	-	-	297,105.00
297,105.00	297,105.00	-	-	-	-	-	-	-	297,105.00
297,105.00	297,105.00	-	-	-	-	-	-	-	297,105.00
3,941.17 853.53	4,168.87				(227.70)				4,168.87 4,417.15
4,794.70	4,168.87	-	-	-	(227.70)	-	-	-	8,586.02
4,794.70	4,168.87	-	-	-	(227.70)	-	-	-	8,586.02
\$ 5,298,548.00	\$ 5,297,501.91	\$ -	\$ -	\$ -	\$ (48,959.24)	\$ -	\$ -	\$ -	\$ 6,316,456.87

2,684,847.00
56,201.00
3,075.00
1,243,335.00
3,987,458.00
\$ 1,310,043.91

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2019

Note 1: BASIS OF PRESENTATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules are presented using the budgetary basis of accounting, with the following exception: programs recorded in the enterprise funds are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District’s basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3: INDIRECT COST RATE

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)

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

Awards and financial assistance revenues reported in the School District's basic financial statements on a GAAP basis with a reconciliation to the budgetary basis reported on the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 151,504.24	\$ 4,996,228.04	\$ 5,147,732.28
Special Revenue	1,858,225.19	297,105.00	2,155,330.19
Enterprise Funds	276,043.05	4,168.87	280,211.92
	<u>2,285,772.48</u>	<u>5,297,501.91</u>	<u>7,583,274.39</u>
GAAP Basis Revenues			
GAAP Adjustments:			
National School Lunch Program - Commodities Inventory	2,295.18	-	2,295.18
	<u>2,295.18</u>	<u>-</u>	<u>2,295.18</u>
Total Awards and Financial Assistance Expended	<u>\$ 2,288,067.66</u>	<u>\$ 5,297,501.91</u>	<u>\$ 7,585,569.57</u>

Note 5: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2019, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance related to TPAF members.

Note 7: MAJOR PROGRAMS

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

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section 1- Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.196A</u>	<u>S196A190031</u>	<u>McKinney-Vento Ed Homeless Children</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs UNMODIFIED

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

Identification of major programs:

GMIS Number(s)

Name of State Program

19-495-034-5094-003

Reimbursed TPAF Social Security Contributions

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

Auditee qualified as low-risk auditee? yes no

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section 2- Schedule of Financial Statement Findings

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

None

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

None

GLOUCESTER COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

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

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

None

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

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

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARDS

None

STATE FINANCIAL ASSISTANCE PROGRAMS

None