

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

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

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2021



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## **Introductory Section**

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# ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## “PLANTING THE SEEDS FOR SUCCESS”

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

Lauren Flynn, School Business Administrator  
(609) 625-5687 Fax 609-625-0496

February 21, 2022

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

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

The comprehensive annual financial report of the Atlantic County Special Services School District (District) for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements, required supplemental information, and other supplementary information, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, U.S. OMB Uniform Guidance, and State Treasury Circular Letter 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The District is a component unit of the County of Atlantic within the criteria set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Board of Education of the Special Services School District and the Vocational School District of the County of Atlantic, a component unit of the County of Atlantic, constitutes the District's reporting entity.

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

In addition to a wide range of on-site and off-campus programs for enrolled students, the Board of Education provides itinerant shared services including occupational therapy, physical therapy, speech/language therapy, counseling, behavioral consultation, nursing services, homebound instruction, and child study team evaluation/services to students in Local Educational Agencies. The educational services which had been provided to youth housed at the Harbor fields juvenile detention facility concluded at the end of the Extended School Year in August 2020.

**2) ECONOMIC CONDITION AND OUTLOOK:** The district's enrollment in 2020-2021 held at the level projected in the budget. This year's enrollment began at the budgeted amount but has since decreased. The COVID-19 pandemic has created economic uncertainty with respect to enrollment and funding of unanticipated expenditures for sanitizing, cleaning and PPE supplies. Atlantic County Special Services ability to open school with a regular full-time schedule has made a difference in retaining existing students, however the district is seeing fewer new student referrals from the sending districts. The district has taken measures to set aside funds to offset unanticipated operating costs due to pandemic related expense and reduce future enrollment projections. The economic environment in New Jersey continues to have a major impact on the state's educational system. Sending districts had their state aid revenue reduced for the 2021-2022 school year due to the State of New Jersey's budget crisis. Although our district does not directly receive state aid, the cuts to sending districts have had an impact on our budget planning, particularly in light of decreased student enrollment. We will continue to closely monitor actual student enrollment numbers, modify spending as needed, and gather data in order to effectively and realistically project tuition revenues for the 2022-2023 budget.

The casino industry in Atlantic City was completely shut down in March 2020 and only recently reopened with limited capacity. Prior to the shutdown, the industry had experienced a recovery with the opening of two major casinos. The new Ocean Beach Resort, previously Revel, and Hard Rock Casino, previously Trump Taj Mahal, reopened in June 2018 returning over 3,000 jobs to the region. The first phase of the Gateway Project in Atlantic City was completed in the spring of 2018. The Gateway Project includes a Stockton University satellite campus and dorms and the corporate offices of South Jersey Energy. Phase 2 of the Gateway Project will begin in the spring of 2021 and include additions to the Stockton University Campus. The \$22.4 million dollar Stockton Aviation Research Park project constructed on a 58 acre park adjacent to the FAA

Williams Hughes Technical Center has been completed. This project is a major step in diversifying the region's economy and places Atlantic County in a position to leverage the economic possibilities of the aviation industry.

**3) MAJOR INITIATIVES:** We continue to work to ensure that we maintain high quality special education programs while maximizing efficiency. We have continued to expand the use of technology in the building, adding interactive boards to the classroom for instruction. All teachers and students have access to a laptop computer or tablet to ensure continuity of instruction regardless of health concerns or the shift to virtual learning. Several of our classes are also using on-line platforms for the purpose of working at an individualized pace and to provide additional assessments. This blended learning allows students to participate in person and remotely. We continue to utilize technology to communicate with sending districts and families, conducting many IEP meetings remotely in an effort to minimize exposure for our students.

We have expanded the role of student workers on our campus since opportunities to work off-site have been restrictive this year. We also have student workers under the direction of a job coach and mentor working at our county partner campus, the Atlantic County Institute of Technology (ACIT.) Many of the students support the enhanced cleaning protocols that we implemented this year to protect all students and staff.

Students have resumed eating meals in the cafeteria and moving throughout the building for their specials. Teachers and therapists continue to come to students for instruction and support. Arrival and dismissal is also coordinated to prevent large clusters of students congregating. We have also been mindful of supporting students during this stressful time, we are sensitive to the anxiety that comes with some of the restrictions currently in place.

Our evaluation schedule continues as we work to support and provide feedback to our staff and align our professional development to meet their needs. All mandated trainings are provided to staff during professional development days. We have continued to use an agency to provide aides, both personal aides and classroom aides to supplement our staffing and support student needs. All staff members, teachers, aides, therapists, child study team members, administrators, support staff secretarial staff, and the facility team have all adjusted to the new requirements regarding distancing, masks and other safety precautions. We are proud that we have been able remain open full-time and hope to remain open everyday to support our unique learners in the best possible way.

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost

of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the District management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2021.

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

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

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

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

**10) OTHER INFORMATION:**

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

**11) ACKNOWLEDGMENTS:**

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

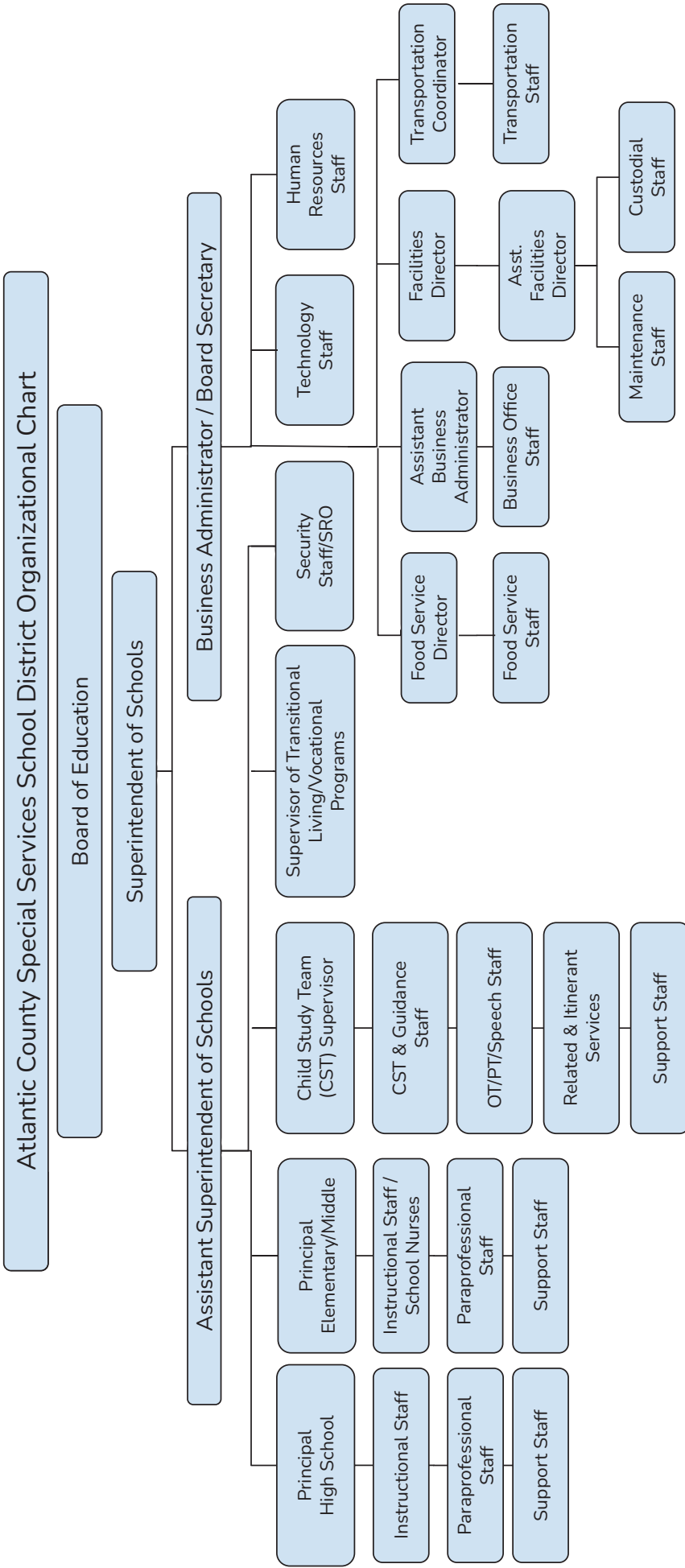
Respectfully submitted,

*Philip J. Guenther*

Philip J. Guenther, Ed.D.  
Superintendent

*Lauren Flynn*

Lauren Flynn  
Business Administrator/  
Board Secretary



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

**MAYS LANDING, NEW JERSEY**

ROSTER OF OFFICIALS  
June 30, 2021

<b><u>Members of the Board of Education</u></b>			<b><u>Term Expires</u></b>
Philip S. Munafo, President	through 11/16/2021	*	2023
Mark W. Ludwick, President	effective 11/16/2021		2023
Augustus Harmon, Vice President			2022
Marilyn Gallagher	through 12/21/2021	**	2022
Roy Foster			2022
Patricia Marshall	effective 11/16/2021	*	2023
Richard Sless			2023
Ellen Hyatt	effective 3/2/2022		2022
Robert Bumpus, Executive Regional Superintendent			Ex-officio
Kathleen Quish			Ex-officio

**Other Officials**

Philip J. Guenther, Ed. D., Superintendent

Kerri McGinley, Ed. D., Assistant Superintendent

Lauren Flynn, Board Secretary/Business Administrator

\* - Philip S. Munafo retired from the board effective 11/16/2021 and was replaced by Patricia Marshall

\*\* - Marilyn Gallagher, deceased 12/21/2021; will be replaced by Ellen Hyatt as of 3/2/2022.

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

**Architect of Record**

Larry Merighi  
Manders, Merighi, Portadin, Farrell Architects, LLC  
1138 E. Chestnut Avenue  
Vineland, NJ 08360

**Attorneys**

Nehmad, Perillo & Davis  
4030 Ocean Heights Avenue  
Egg Harbor Township, NJ 08234

**Audit Firm**

Ford Scott & Associates, LLC  
1535 Haven Avenue  
Ocean City, NJ 08226

**Official Depository**

OceanFirst Bank  
5401 Harding Highway  
Mays Landing, NJ 08330



### **Insurance Agent**

Innovative Risk Solutions, Inc.  
3330 Bargaintown Road, Suite 2  
Egg Harbor Township, NJ 08234

Jeffery Dunn  
Glenn Insurance  
500 E. Absecon Blvd.  
Absecon, NJ 08201

David Miller  
CJ Adams Company  
332 Tilton Rd.  
Northfield, NJ 08225

### **School Physicians**

George Bross, DO  
Harborview-Kids First  
505 Bay Avenue  
Somers Point, NJ 08244

Barry D. Glasser, M.D.  
Brigantine Towne Center  
4248 Harbor Beach Blvd.  
Brigantine, NJ 08203

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## **Financial Section**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Atlantic County Special Services School District (a component unit of the County of Atlantic), in the County of Atlantic, New Jersey, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Atlantic County Special Services School District (a component unit of the County of Atlantic), as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s basic financial statements. The introductory section, combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2022 on our consideration of the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s internal control over financial reporting and compliance.

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

*Leon P. Costello*

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

February 21, 2022

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**Required Supplemental Information**  
**Part I**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Atlantic County Special Services School District's (a component unit of the County of Atlantic) ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

### FINANCIAL HIGHLIGHTS

- The net position of the District increased approximately \$3,370,000 due to an increase in enrollment and changes in proportion of pension liabilities.
- The State of New Jersey reimbursed the District \$485,245 during the fiscal year ended June 30, 2021 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. The State also contributed \$1,920,389 for TPAF Pension Contributions on-behalf of the district and post-retirement benefits provided to former district employees. These amounts, which are not budgeted, are included as both a revenue and appropriation in the financial statements.
- During the fiscal year ended June 30, 2021, the District's governmental activities revenues were approximately \$3,624,000 more than total expenses. During the prior fiscal year, revenues exceeded expenditures by approximately \$1,809,000.
- In the District's business-type activities, net position decreased \$254,000 as a result of an excess of expenditures over revenues.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Fund Financial Statements**

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

The District has three kinds of funds:

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

## **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net position.** The District's governmental activities net position increased between fiscal years 2021 and 2020 as a result of an excess of revenues over expenses. The business-type activities net position decreased due to the excess of expenses over revenues.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current and other assets	\$ 7,307,824	5,649,479	4,038,662	4,292,947
Capital assets	17,942,147	18,303,791	1,304,501	1,248,522
<b>Total assets</b>	<b>25,249,971</b>	<b>23,953,270</b>	<b>5,343,163</b>	<b>5,541,469</b>
Deferred Outflows of Resources	911,797	1,676,379		
<b>Total deferred outflows of resources</b>	<b>911,797</b>	<b>1,676,379</b>	<b>-</b>	<b>-</b>
Long-term liabilities	11,035,004	14,143,333	174,263	170,303
Other liabilities	193,982	31,617	60,557	8,788
<b>Total liabilities</b>	<b>11,228,986</b>	<b>14,174,950</b>	<b>234,820</b>	<b>179,091</b>
Deferred Inflows of Resources	9,862,193	10,159,163		
<b>Total deferred inflows of resources</b>	<b>9,862,193</b>	<b>10,159,163</b>	<b>-</b>	<b>-</b>
Net position				
Invested in capital assets	17,942,147	18,303,791	1,304,501	1,248,522
Restricted	2,156,163	1,194,898		
Unrestricted	(15,027,721)	(18,203,153)	3,803,842	4,113,856
<b>Total net position</b>	<b>\$ 5,070,589</b>	<b>1,295,536</b>	<b>5,108,343</b>	<b>5,362,378</b>

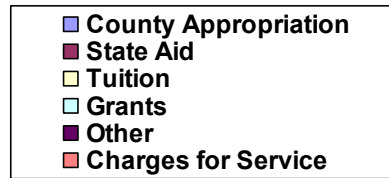
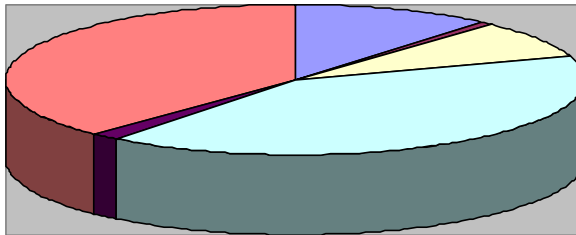
**Changes in net position.** The total revenue of the District increased approximately \$871,000 due to changes in the assumptions related to the State funding of pension plans.

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



	2021		2020	
	Amount	Percentage	Amount	Percentage
County Appropriation	\$ 2,070,597	6.50%	\$ 2,070,597	6.68%
Unrestricted State aid	181,816	0.57%	187,186	0.60%
Tuition	14,671,125	46.03%	14,961,744	48.26%
Charges for Services	7,069,151	22.18%	9,645,263	31.11%
Operating Grants and Contributions	7,591,201	23.82%	3,897,092	12.57%
Other	290,341	0.91%	240,407	0.78%
<b>Totals</b>	<b>\$ 31,874,231</b>	<b>100.00%</b>	<b>31,002,289</b>	<b>100.00%</b>

### 2021 Revenue



## Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2021 and 2020 fiscal years.

	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>						
Program revenue						
Charges for services	14,671,125	14,961,744	7,069,151	9,645,263	21,740,276	24,607,007
Operating Grants	7,377,181	3,763,082	214,020	134,010	7,591,201	3,897,092
General revenues						
County Appropriation	2,070,597	2,070,597			2,070,597	2,070,597
State aid entitlements	182,790	187,186			182,790	187,186
Other	381,920	251,195	(92,553)	(10,788)	289,367	240,407
<b>Total revenues</b>	<u>24,683,613</u>	<u>21,233,804</u>	<u>7,190,618</u>	<u>9,768,485</u>	<u>31,874,231</u>	<u>31,002,289</u>
<b>Expenses</b>						
Instruction:						
Other special instruction	9,913,130	9,535,986	-	-	9,913,130	9,535,986
Other instruction	771,759	634,180	-	-	771,759	634,180
Support services:						
Student & instruction related services	4,388,391	3,817,777	-	-	4,388,391	3,817,777
District administration services	765,358	616,266	-	-	765,358	616,266
General & business admin services	1,994,808	1,710,011	-	-	1,994,808	1,710,011
Plant operations & maintenance	3,127,971	2,779,580	-	-	3,127,971	2,779,580
Pupil transportation	7,224	24,186	-	-	7,224	24,186
Capital Outlay	-	116,939	-	-	-	116,939
Business-type activities			7,534,653	9,380,355	7,534,653	9,380,355
<b>Total expenses</b>	<u>20,968,641</u>	<u>19,234,925</u>	<u>7,534,653</u>	<u>9,380,355</u>	<u>28,503,294</u>	<u>28,615,280</u>
(Deficiency) before Transfers	3,714,972	1,998,879	(344,035)	388,130	3,370,937	2,387,009
Transfers	(90,000)	(190,000)	90,000	190,000	-	-
<b>Increase/(Decrease) in net position</b>	<u>3,624,972</u>	<u>1,808,879</u>	<u>(254,035)</u>	<u>578,130</u>	<u>3,370,937</u>	<u>2,387,009</u>

## **Business-type Activities**

Revenues of the District's business-type activities decreased approximately 27% when compared to the previous fiscal year while expenditures decreased 20% over the past fiscal year.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As of the year end, the governmental funds reported a combined fund balance of \$7,113,842 which is \$1,345,899 higher than the beginning of the year. The change is due to better management of expenditures within the District.

## **General Fund Budgetary Highlights**

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

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue exceeded the budgeted revenues by \$51,066. This is a result of an increase in miscellaneous revenue. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by \$3,152,227. The most significant variances occurred in the area of health benefits. Audit exhibit C-1 does not include current year depreciation expense.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2021, the District had invested \$19.2 million (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, vehicles and machinery. This amount represents a net decrease (including additions and deductions) of \$305,665 or 2%, over last year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 636,272	636,272	73,500	73,500	709,772	709,772
Buildings and Improvement:	16,306,214	16,570,015	309,082	328,731	16,615,296	16,898,746
Machinery and Equipment	999,661	1,097,504	921,919	846,291	1,921,580	1,943,795
<b>Total</b>	<u>\$ 17,942,147</u>	<u>18,303,791</u>	<u>1,304,501</u>	<u>1,248,522</u>	<u>19,246,648</u>	<u>19,552,313</u>

### Long-term Debt

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

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The district's enrollment declined in the 2020-2021 school year. However, measures were taken when compiling the 2021-2022 budget to better project enrollment to prevent revenue deficits. The district's enrollment is currently slightly below the budgeted enrollment. Although our district does not receive state aid directly, reductions in aid to the sending districts impacts our budgetary planning, particularly in light of declining enrollment. Certified tuition rates are beginning to increase but are still below the actual tuition rates charged in 2020-2021 budget due to the increase fund balance position. We continue to closely monitor actual enrollment numbers and make modifications to spending as needed. Declining enrollment and the district's fund balance position will reflect the budgeting strategies for the 2022-2023 budget.

## EFFECTS OF COVID-19 ON THE DISTRICT'S FINANCIAL POSITION

The COVID-19 pandemic has created economic uncertainty with respect to enrollment and funding of unanticipated expenditures for sanitizing, cleaning and PPE supplies. Atlantic County Special Services provided in-person instruction during the 2020-2021 school year. Being able to open school with a regular full-time schedule made a difference in retaining existing students, however the

district continues to see a decrease in enrollment. The district is seeing fewer new student referrals from the sending districts. The district has taken measures to set aside funds to offset unanticipated operating costs and reduced enrollment projections for the 2021-2022 school year.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

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**DISTRICT - WIDE FINANCIAL STATEMENTS**

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**Atlantic County Special Services School District**  
**(A Component Unit of the County of Atlantic)**  
**Statement of Net Position**  
**6/30/2021**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,182,525	2,497,894	9,680,419
Receivables, net	125,299	1,530,766	1,656,065
Inventory		10,002	10,002
Capital assets not being depreciated:			
Land	636,272	73,500	709,772
Capital assets, net of accumulated depreciation	17,305,875	1,231,001	18,536,876
Total Assets	<u>25,249,971</u>	<u>5,343,163</u>	<u>30,593,134</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflows Related to Pensions	911,797		911,797
Total Deferred Outflows of Resources	<u>911,797</u>	<u>-</u>	<u>911,797</u>
<b>LIABILITIES</b>			
Other payables	189,386	60,557	249,943
Intergovernmental payable	4,596		4,596
Noncurrent liabilities:			
Due within one year	-	-	-
Due beyond one year	286,526	174,263	460,789
Net Pension Liability	10,748,478		10,748,478
Total liabilities	<u>11,228,986</u>	<u>234,820</u>	<u>11,463,806</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflows Related to Pensions	9,862,193		9,862,193
Total Deferred Inflows of Resources	<u>9,862,193</u>	<u>-</u>	<u>9,862,193</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	17,942,147	1,304,501	19,246,648
Restricted for:			
Other purposes	2,156,163		2,156,163
Unrestricted	(15,027,721)	3,803,842	(11,223,879)
Total net position	<u>\$ 5,070,589</u>	<u>5,108,343</u>	<u>10,178,932</u>

See Accompanying Notes to the Financial Statements

Atlantic County Special Services School District  
(A Component Unit of the County of Atlantic)  
Statement of Activities  
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:								
Instruction:								
Other special instruction	6,676,103	3,237,027	14,671,125	3,585,475	8,343,470			8,343,470
Other instruction	523,393	248,366		264,690	(507,069)			(507,069)
Support services:								
Student & instruction related services	2,976,129	1,412,262		1,505,086	(2,883,305)			(2,883,305)
School administrative services	519,052	246,306		262,494	(502,864)			(502,864)
General and business administrative services	1,352,843	641,965		684,159	(1,310,649)			(1,310,649)
Plant operations and maintenance	2,121,334	1,006,637		1,072,800	(2,055,171)			(2,055,171)
Pupil transportation	4,900	2,324		2,477	(4,747)			(4,747)
Unallocated benefits	6,794,887	(6,794,887)			-			-
Total governmental activities	20,968,641	-	14,671,125	7,377,181	1,079,665	-		1,079,665
Business-type activities:								
Food Service	323,362		55,992	214,020		(53,350)		(53,350)
Transportation	3,750,611		3,185,147			(565,464)		(565,464)
Instruction	3,460,680		3,828,012			367,332		367,332
Total business-type activities	7,534,653		7,069,151	214,020		(251,482)		(251,482)
Total primary government	28,503,294		21,740,276	7,591,201	1,079,665	(251,482)		828,183
General revenues:								
Taxes:								
County Appropriation					2,070,597			2,070,597
Federal and State aid not restricted					181,816			181,816
Other restricted miscellaneous revenue					974			974
Rents and Royalties					62,800			62,800
Miscellaneous Income					331,039			331,039
Transfers					(90,000)	90,000		-
Loss on Disposal of Fixed Assets					(6,461)	(92,553)		(99,014)
Refund of Prior Year's Revenue					(5,458)			(5,458)
Total general revenues, special items, extraordinary items and transfers					2,545,307	(2,553)		2,542,754
Change in Net Position					3,624,972	(254,035)		3,370,937
Net Position—beginning					1,295,536	5,362,378		6,657,914
Restatement					150,081	-		150,081
Net Position—beginning (Restated)					1,445,617	5,362,378		6,807,995
Net Position—ending					5,070,589	5,108,343		10,178,932

**FUND FINANCIAL STATEMENTS**

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**Atlantic County Special Services School District  
(A Component Unit of the County of Atlantic)  
Balance Sheet  
Governmental Funds  
June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,121,371	61,154	7,182,525
Receivables from other governments	124,799	-	124,799
Other Accounts Receivables	500		500
Total assets	<u>7,246,670</u>	<u>61,154</u>	<u>7,307,824</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	55,364	-	55,364
Intergovernmental payable	4,596	-	4,596
Payroll Liabilities and Withholdings	134,022		134,022
Total liabilities	<u>193,982</u>	<u>-</u>	<u>193,982</u>
Fund Balances:			
Restricted for:			
Unemployment Compensation	86,634		86,634
Student Activities		61,154	61,154
Committed to:			
Capital Reserve	1,767,668		1,767,668
Maintenance Reserve	956,071		956,071
Designated for subsequent years expenditures	1,294,804		1,294,804
Assigned to:			
Encumbrances	388,495		388,495
Unassigned:			
General fund	2,559,016		2,559,016
Capital Projects fund			-
Total Fund balances	<u>7,052,688</u>	<u>61,154</u>	<u>7,113,842</u>
Total liabilities and fund balances	<u>\$ 7,246,670</u>	<u>61,154</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 17,942,147

Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the funds. (19,698,874)

Some liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds. (286,526)

Net position of governmental activities \$ 5,070,589

**Atlantic County Special Services School District**  
**(A Component Unit of the County of Atlantic)**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
County Appropriation	\$ 2,070,597		2,070,597
Tuition - from LEAs	14,167,123		14,167,123
Other tuition	276,320		276,320
Non resident fees	227,682		227,682
Rents and Royalties	62,800		62,800
Other restricted miscellaneous revenue	974		974
Miscellaneous	331,039	61,517	392,556
State sources	3,008,035		3,008,035
Federal sources	181,816	74,171	255,987
Total revenues	<u>20,326,386</u>	<u>135,688</u>	<u>20,462,074</u>
<b>EXPENDITURES</b>			
Current:			
Other special instruction	5,602,403	37,643	5,640,046
Other instruction	432,741		432,741
Support services and undistributed costs:			
Student & instruction related services	2,414,638	46,022	2,460,660
School administrative services	429,152		429,152
Other administrative services	390,486		390,486
Central Services	530,291		530,291
Admin Information Technology	197,753		197,753
Plant operations and maintenance	1,753,917		1,753,917
Pupil transportation	4,051		4,051
Unallocated Benefits	6,794,887		6,794,887
Capital outlay	337,673	49,060	386,733
Total expenditures	<u>18,887,992</u>	<u>132,725</u>	<u>19,020,717</u>
Excess (Deficiency) of revenues over expenditures	<u>1,438,394</u>	<u>2,963</u>	<u>1,441,357</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(90,000)</u>		<u>(90,000)</u>
Total other financing sources and uses	<u>(95,458)</u>		<u>(95,458)</u>
Net change in fund balances	1,342,936	2,963	1,345,899
Fund balance—July 1	5,617,862	-	5,617,862
Restatement	91,890	58,191	150,081
Fund Balances, July 1 (Restated)	<u>5,709,752</u>	<u>58,191</u>	<u>5,767,943</u>
Fund balance—June 30	<u>\$ 7,052,688</u>	<u>61,154</u>	<u>7,113,842</u>

**Atlantic County Special Services School District  
(A Component Unit of the County of Atlantic)  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2021**

**Total net change in fund balances - governmental funds (from B-2)** \$ 1,345,899

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

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

Loss on the disposal of assets	(6,461)	
Depreciation expense	(887,355)	
Capital outlays	<u>532,172</u>	(361,644)

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

District pension contributions - PERS	1,977,184	
Cost of benefits earned net of employee contributions	<u>721,041</u>	2,698,225

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (57,508)

**Change in net assets of governmental activities** \$ 3,624,972

**Atlantic County Special Services School District**  
**(A Component Unit of the County of Atlantic)**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Food Service</b>	<b>Transportation</b>	<b>Itinerant/ Shared Services</b>	<b>County Programs</b>	<b>Totals</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 28,442	508,222	1,844,668	116,562	2,497,894
Accounts receivable					
Federal	44,640				44,640
State	775				775
Other	201	869,248	578,922	36,980	1,485,351
Inventory	10,002				10,002
Total current assets	84,060	1,377,470	2,423,590	153,542	4,038,662
Noncurrent assets:					
Land and Improvements		73,500			73,500
Buildings and Improvements		575,080			575,080
Furniture, machinery & equipment	302,424	3,044,112			3,346,536
Less accumulated depreciation	(259,229)	(2,431,386)			(2,690,615)
Total noncurrent assets	43,195	1,261,306	-	-	1,304,501
Total assets	127,255	2,638,776	2,423,590	153,542	5,343,163
<b>LIABILITIES</b>					
Current liabilities:					
Accounts Payable	-	11,282	46,326	-	57,608
Other Current Liabilities	2,949				2,949
Total current liabilities	2,949	11,282	46,326	-	60,557
Noncurrent Liabilities					
Compensated Absences	-	174,263			174,263
Total noncurrent liabilities	-	174,263	-	-	174,263
Total liabilities	2,949	185,545	46,326	-	234,820
<b>NET POSITION</b>					
Invested in capital assets net of related debt	43,195	1,261,306			1,304,501
Unrestricted	81,111	1,191,925	2,377,264	153,542	3,803,842
Total net position	\$ 124,306	2,453,231	2,377,264	153,542	5,108,343



Atlantic County Special Services School District  
(A Component Unit of the County of Atlantic)  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2021

Business-type Activities -  
Enterprise Fund

	Food Service	Transportation	Itinerant/ Shared Services	County Programs	Totals
Operating revenues:					
Charges for services:					
Daily sales - reimbursable programs	\$ 718				718
Daily sales - non-reimbursable programs	55,274				55,274
Transportation Fees		3,185,147			3,185,147
Fees for Service			3,671,863		3,671,863
County Aid Payments				156,149	156,149
Total operating revenues	<u>55,992</u>	<u>3,185,147</u>	<u>3,671,863</u>	<u>156,149</u>	<u>7,069,151</u>
Operating expenses:					
Cost of sales - Reimbursable Programs	55,342				55,342
Cost of sales - Nonreimbursable Programs	37,040				37,040
Salaries and wages	88,279	1,083,532	868,956	109,263	2,150,030
Employee Benefits	106,665	1,616,600	1,168,382	15,796	2,907,443
Other Purchased Services	29,608	22,584	1,269,619	200	1,322,011
Transportation Operations		182,331			182,331
Contracted Services		695,830			695,830
Travel				8,189	8,189
Materials and supplies	3,437	21,648	10,279	9,996	45,360
Depreciation	2,991	128,086			131,077
Total Operating Expenses	<u>323,362</u>	<u>3,750,611</u>	<u>3,317,236</u>	<u>143,444</u>	<u>7,534,653</u>
Operating income/(loss)	<u>(267,370)</u>	<u>(565,464)</u>	<u>354,627</u>	<u>12,705</u>	<u>(465,502)</u>
Nonoperating revenues/(expenses):					
State sources:					
State school lunch program	5,139				5,139
Federal sources:					
National school breakfast program	56,197				56,197
National school lunch program	104,487				104,487
Food Distribution Program	20,648				20,648
Emergency Operational Cost Program - Schools	26,935				26,935
P-EBT Administrative Cost Reimbursement	614				614
Loss on Disposal of Fixed Assets		(92,553)			(92,553)
Total nonoperating revenues/(expenses)	<u>214,020</u>	<u>(92,553)</u>	<u>-</u>	<u>-</u>	<u>121,467</u>
Income/(Loss) before contributions & transfers	<u>(53,350)</u>	<u>(658,017)</u>	<u>354,627</u>	<u>12,705</u>	<u>(344,035)</u>
Transfers in					
Operating transfer in - general fund	90,000				90,000
Total transfers in	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,000</u>
Change in net position	36,650	(658,017)	354,627	12,705	(254,035)
Total net position—beginning	87,656	3,111,248	2,022,637	140,837	5,362,378
Total net position—ending	<u>\$ 124,306</u>	<u>2,453,231</u>	<u>2,377,264</u>	<u>153,542</u>	<u>5,108,343</u>

**Atlantic County Special Services School District**  
**(A Component Unit of the County of Atlantic)**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

**Business-type Activities -**  
**Enterprise Funds**

	<b>Food Service</b>	<b>Transportation</b>	<b>Itinerant/ Shared Services</b>	<b>County Programs</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 56,582	4,066,871	3,980,857	224,293	8,328,603
Payments to employees	(88,279)	(1,079,572)	(868,956)	(109,263)	(2,146,070)
Payments for benefits	(106,665)	(1,616,600)	(1,168,382)	(15,796)	(2,907,443)
Payments for suppliers	(92,265)	(915,517)	(1,233,572)	(18,385)	(2,259,739)
Net cash provided by/(used for) operating activities	<u>(230,627)</u>	<u>455,182</u>	<u>709,947</u>	<u>80,849</u>	<u>1,015,351</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
State Sources	4,364				4,364
Federal Sources	143,593				143,593
Operating subsidies and transfers to other funds	70,000		5,124	(53,901)	21,223
Net cash provided by/(used for) non-capital financing activities	<u>217,957</u>	<u>-</u>	<u>5,124</u>	<u>(53,901)</u>	<u>169,180</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of Assets		(279,609)			(279,609)
Net cash (used for) capital and related financing activities	<u>-</u>	<u>(279,609)</u>	<u>-</u>	<u>-</u>	<u>(279,609)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends					-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(12,670)	175,573	715,071	26,948	904,922
Balances—beginning of year	41,112	332,649	1,129,597	89,614	1,592,972
Balances—end of year	<u>28,442</u>	<u>508,222</u>	<u>1,844,668</u>	<u>116,562</u>	<u>2,497,894</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating profit/(loss)	(267,370)	(565,464)	354,627	12,705	(465,502)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities					
Depreciation and net amortization	2,991	128,086			131,077
Federal Commodities	20,648				20,648
(Increase)/Decrease in accounts receivable, net	590	881,724	308,994	68,144	1,259,452
Increase/(Decrease) in accounts payable	-	6,876	46,326	-	53,202
(Increase)/Decrease in Inventory	13,947				13,947
Increase/(Decrease) in Other Liabilities	(1,433)				(1,433)
Increase/(Decrease) in Compensated Absences	-	3,960			3,960
Total adjustments	<u>36,743</u>	<u>1,020,646</u>	<u>355,320</u>	<u>68,144</u>	<u>1,480,853</u>
Net cash provided by/(used for) operating activities	<u>\$ (230,627)</u>	<u>455,182</u>	<u>709,947</u>	<u>80,849</u>	<u>1,015,351</u>

**Atlantic County Special Services School  
(A Component Unit of the County of Atlantic)  
Notes to the Financial Statements  
June 30, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. REPORTING ENTITY:**

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

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

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

**Atlantic County Special Services School  
(A Component Unit of the County of Atlantic)  
Notes to the Financial Statements  
June 30, 2021**

**B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS:**

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

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

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

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

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

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

**Atlantic County Special Services School  
(A Component Unit of the County of Atlantic)  
Notes to the Financial Statements  
June 30, 2021**

**C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS**

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

The following fund types are used by the District:

**1. Governmental Funds:**

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

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.

**Fund Balances – Governmental Funds**

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

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

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

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

**Atlantic County Special Services School  
(A Component Unit of the County of Atlantic)  
Notes to the Financial Statements  
June 30, 2021**

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

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

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

**2. Proprietary Funds:**

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

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

**Atlantic County Special Services School  
(A Component Unit of the County of Atlantic)  
Notes to the Financial Statements  
June 30, 2021**

**3. Fiduciary Funds:**

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

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

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

**D. BASIS OF ACCOUNTING**

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

**1. Accrual:**

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

**Atlantic County Special Services School  
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Notes to the Financial Statements  
June 30, 2021**

**2. Modified Accrual:**

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

**E. FINANCIAL STATEMENT AMOUNTS**

**1. Cash and Cash Equivalents:**

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

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

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

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

**2. Investments:**

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



**Atlantic County Special Services School  
(A Component Unit of the County of Atlantic)  
Notes to the Financial Statements  
June 30, 2021**

**3. Inventories:**

Inventories in the general fund consist of expendable supplies held for the District’s use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2019, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$ 9,254
Supplies	748
	\$ 10,002

**4. Capital Assets:**

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

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

**5. Revenues:**

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

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

**Atlantic County Special Services School  
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Notes to the Financial Statements  
June 30, 2021**

**6. Expenditures:**

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

**7. Compensated Absences:**

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

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

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

**8. Interfund Activity:**

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

**Atlantic County Special Services School  
(A Component Unit of the County of Atlantic)  
Notes to the Financial Statements  
June 30, 2021**

**9. Budgets/Budgetary Control:**

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

	<u>From</u>	<u>To</u>
Construction Services		368,000

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

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

**10. Encumbrances:**

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

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

**Atlantic County Special Services School  
(A Component Unit of the County of Atlantic)  
Notes to the Financial Statements  
June 30, 2021**

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

**11. Tuition Receivable**

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

**12. Use of Estimates**

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

**13. Allocation of Costs**

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

**14. Pensions**

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

**F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE**

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

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private Partnerships and Availability Payment Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022, will not have any effect on the District's financial reporting.

**Atlantic County Special Services School  
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In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement is effective for fiscal periods beginning after June 15, 2022 and will not have any effect on the District's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement is effective for fiscal periods beginning after June 15, 2021, with certain exceptions, and will not have any effect on the District's financial reporting.

In October 2021, the Governmental Accounting Standards Board (GASB) issued Statement No. 98, "The Annual Comprehensive Financial Report". This statement is effective for fiscal periods ending after December 15, 2021, and will change the title of the "Comprehensive Annual Financial Report" to "The Annual Comprehensive Financial Report."

**NOTE 2. INVESTMENTS**

As of June 30, 2021, the District had no investments.

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

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

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

**NOTE 3. CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based

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banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2021, \$0 of the District's bank balance of \$10,087,849 was exposed to custodial credit risk.

**NOTE 4. CAPITAL RESERVE FUND**

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

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

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$ 1,040,468
Interest Earnings	200
Tranferred In	1,200,000
Tranferred Out	<u>(473,000)</u>
Ending Balance, June 30, 2021	<u><u>\$ 1,767,668</u></u>

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**NOTE 5. MAINTENANCE RESERVE ACCOUNT**

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

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

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$ 655,971
Interest Earnings	100
Transferred from Current Budget	300,000
Ending balance, June 30, 2021	<u><u>\$ 956,071</u></u>

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**NOTE 6. FIXED ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2021</u>
<b>Governmental Activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 636,272			636,272
Total capital assets not being depreciated	<u>636,272</u>	-	-	<u>636,272</u>
Bldg and bldg improve	29,167,645	491,923		29,659,568
Machinery & equipment	2,325,151	40,249	(33,862)	2,331,538
Total at historical cost	<u>31,492,796</u>	<u>532,172</u>	<u>(33,862)</u>	<u>31,991,106</u>
Less accum depr for:				
Bldg and improve	(12,597,630)	(755,724)		(13,353,354)
Equipment	(1,227,647)	(131,631)	27,401	(1,331,877)
Total accum deprec	<u>(13,825,277)</u>	<u>(887,355)</u>	<u>27,401</u>	<u>(14,685,231)</u>
Total capital assets being depr, net of accum depr	<u>17,667,519</u>	<u>(355,183)</u>	<u>(6,461)</u>	<u>17,305,875</u>
<b>Governmental activities capital assets, net</b>	<u><u>18,303,791</u></u>	<u><u>(355,183)</u></u>	<u><u>(6,461)</u></u>	<u><u>17,942,147</u></u>
<b>Business-type activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 73,500			73,500
Total capital assets not being depreciated	<u>73,500</u>	-	-	<u>73,500</u>
Building and improve	575,080			575,080
Equipment	3,735,419	279,609	(668,492)	3,346,536
Less accum depr for:				
Building and improve	(246,349)	(19,649)		(265,998)
Equipment	(2,889,128)	(111,428)	575,939	(2,424,617)
<b>Business-type activities capital assets, net</b>	<u><u>\$ 1,248,522</u></u>	<u><u>148,532</u></u>	<u><u>(92,553)</u></u>	<u><u>1,304,501</u></u>



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Depreciation expense is charged to governmental functions as follows:

Other special instruction	\$	422,728
Other instruction		32,434
Student & instruction related services		184,430
School administrative expenses		32,165
General and business administration		83,835
Plant operations and maintenance		131,458
Pupil Transportation		305
	<u>\$</u>	<u>887,355</u>

**NOTE 7. GENERAL LONG-TERM DEBT**

**Governmental Activities**

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Balance June 30, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Net Pension Liability	\$ 13,914,315		3,165,837	10,748,478	
Compensated Absences Payable	229,018	122,288	64,780	286,526	
Total	<u>\$ 14,143,333</u>	<u>122,288</u>	<u>3,230,617</u>	<u>11,035,004</u>	<u>-</u>

**Business Type Activities**

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Balance June 30, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Compensated Absences Payable	170,303	28,032	24,072	174,263	
	<u>\$ 170,303</u>	<u>28,032</u>	<u>24,072</u>	<u>174,263</u>	<u>-</u>

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**NOTE 8. PENSION PLANS**

**Description of Plans**

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

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

**Teachers' Pension and Annuity Fund (TPAF)**

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

**Public Employees' Retirement System (PERS)**

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

**Defined Contribution Retirement Program (DCRP)**

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost sharing multiple employer defined contribution pension fund. The DCRP provides eligible members, and their

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beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

*Funding Policy*

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 35.24% and the PERS rate is 15.11% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2021, 2020 and 2019 were \$1,920,389, \$1,539,700 and \$1,419,931 respectively, and paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2021, 2020 and 2019 were \$721,041, \$751,151, and \$803,927. respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2021, 2020 and 2019, the State of New Jersey contributed \$601,820, \$571,201, and \$644,079, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$485,245, \$497,472, and \$512,090, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB standards.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were 20 employees enrolled in the DCRP for the year ended June 30, 2021.

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Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

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

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

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

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on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.

- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

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**NOTE 9: PUBLIC EMPLOYEES RETIREMENT SYSTEM**

At June 30, 2021, the District reported a liability of \$10,748,478 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was 0.06591172250%, which was a decrease of 14.65% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,977,182. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 195,712	38,011
Changes of assumptions	348,693	4,500,490
Differences between expected and actual earnings	367,392	
Changes in proportion		5,323,692
District Contributions subsequent to the measurement date	721,041	
Total	\$ 1,632,838	9,862,193

\$721,041 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2021	\$ (3,287,039)
2022	(3,061,813)
2023	(1,758,460)
2024	(704,254)
2025	(138,830)
Total	\$ (8,950,396)

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**Actuarial Assumptions**

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% - 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disable Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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 inflations. Best estimates of arithmetic real rates of return for each major

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asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the participated employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:



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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 12,801,408	10,748,478	9,008,751

*Pension plan fiduciary net position.*

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

*Additional Information*

Collective balances of the local group at June 30, 2020 are as follows:

Deferred outflows of resources	\$	2,347,583,337
Deferred inflows of resources		7,849,949,467
Net pension liability		16,435,616,426
 District's proportion		 10,748,478

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 is \$407,705,399.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years, respectively.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		45,410,263
Total	\$	45,410,263

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The net pension liability was measured as of June 30, 2019 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2020, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$2,823,803 and revenue of \$2,823,803 for support provided by the State.

*Actuarial assumptions.* The total pension liability in the June 30, 2020 actuarial valuation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	
Price	2.75%
Wage	3..25%
Salary increases	
Through 2026	1.55% - 4.55% (based on years of service)
Thereafter	2.75% - 5.65% (based on years of service)
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Medan Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

*Discount rate.* The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term

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expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.40% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.40%) or 1-percentage point higher (6.40%) than the current rate:

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
District's proportionate share of the net pension liability	\$ -	-	-

*Pension plan fiduciary net position.*

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

**Additional Information**

Collective balances of the local group at June 30, 2020 are as follows:

Deferred outflows of resources	\$	9,626,548,228
Deferred inflows of resources		14,591,988,841
Net pension liability		65,993,498,688

Collective pension expense for the plan for the measurement period ended June 30, 2019 is \$4,103,756,770.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 is 7.99, 8.04, 8.29, 8.30, 8.30, 8.30, and 8.5 years, respectively.

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**NOTE 10. OTHER POST-RETIREMENT BENEFITS**

*General Information about the OPEB Plan*

The State of New Jersey Provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 year of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In Fiscal Year 2020, the State paid PRM benefits for 143,053 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have decreased from Fiscal Year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State, including new Medicare Advantage contracts. The State has appropriated \$1.775 billion in Fiscal Year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76 billion liability recorded in Fiscal Year 2019.

Additional information on Pensions and OPEB can be accessed at [state.nj.us/treasury/pensions/financial-reports.shtml](http://state.nj.us/treasury/pensions/financial-reports.shtml).

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*Total OPEB Liability*

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State CAFR on the Office of Management and Budget webpage: <https://www.nj.gov/treasury/omb/cafr.shtml>.

*Actuarial assumptions and other imputes:*

The total OPEB liability in the June 30, 2020 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate – 2.50%

Salary Increases –

	<b>TPAF/ABP</b>	<b>PERS</b>	<b>PFRS</b>
Through 2026	1.55 - 4.45%	2.00 - 6.00%	3.25 - 15.25%
	based on service years	based on service years	based on service years
Thereafter	1.55 - 4.45%	3.00 - 7.00%	Applied to all
	based on service years	based on service years	future years

Mortality Rates –

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-20.

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The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the period July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS, and PFRS, respectively.

**Health Care Trend Assumptions –**

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**Discount Rate –**

The discount rate for June 30, 2020 was 2.21%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Changes in the Total OPEB Liability reported by the State of New Jersey**

Balance at 6/30/19	\$ 41,729,081,045.00
Changes for the year:	
Service cost	1,790,973,822.00
Interest	1,503,341,357.00
Differences between Expected & Actual Experiences	11,544,750,637.00
Changes in assumptions or other inputs	12,386,549,981.00
Contributions: Member	35,781,384.00
Benefit payments	<u>(1,180,515,618.00)</u>
Net changes	<u>26,080,881,563.00</u>
Balance at 6/30/20	<u>\$ 67,809,962,608.00</u>

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

The following presents the total OPEB liability as of June 20, 2020, respectively, calculated using a discount rate as disclosed above as well as what the total nonemployer OPEB would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability (School Retirees)	81,748,410,002.00	67,809,962,608.00	56,911,439,160.00

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

The following presents the total OPEB liability as of June 30, 2020c calculated using the healthcare trend rate as disclosed above as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	54,738,488,540.00	67,809,962,608.00	83,375,182,975.00

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$2,972,340 determined by the State as the total OPEB liability for benefits provided through a defined OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75 and in which there is a special funding situation.

In accordance with GASB 75, the board of education's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employees' OPEB from the following sources:



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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,295,318,750.00	(9,170,703,615.00)
Changes of assumptions	11,534,251,250.00	(7,737,500,827.00)
 Total	 \$ 21,829,570,000.00	 \$ (16,908,204,442.00)

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

Year ended June 30,			
2021	\$	43,440,417.00	
2022		43,440,417.00	
2023		43,440,417.00	
2024		43,440,417.00	
2025		43,440,417.00	
Thereafter		4,704,163,473.00	
Total	\$	4,921,365,558.00	

(Contributions made after June 30, 2020 are reported as deferred outflow of resources but are not amortized in the expense.)

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

**NOTE 11. COMPENSATED ABSENCES**

District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal year. Unused sick leave may be accumulated and carried forward to subsequent years. Upon retirement and who have not less than fifteen years of service in the District and at least 75 accumulated days, the district shall pay the employee for unused sick leave in accordance with the Districts' agreements with various employee unions. Vacation days not used during the year may be carried forward to the subsequent year and upon the approval of the Board employees may be compensated for their unused vacation time.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is

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therefore not shown separately from the long-term liability balance of compensated absences.

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

**NOTE 12. DEFERRED COMPENSATION**

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

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

**NOTE 13. RISK MANAGEMENT**

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

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2019 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

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<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021 \$	-	20,969	674	26,899	86,634
2019-2020	15,000	24,608	1,612	80,162	91,890
2018-2019	-	25,150	754	34,003	130,832

**NOTE 14 LITIGATION**

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

**NOTE 15. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$7,052,688 General Fund balance at June 30, 2021, \$1,294,804 has been appropriated and included as anticipated revenue for the year ending June 30, 2022; \$1,767,668 has been reserved for future capital activity; \$956,071 has been reserved for future maintenance activity; \$86,634 is reserved for Unemployment Compensation Claims; \$388,495 has been reserved for encumbrances; and \$2,559,016 is unreserved and undesignated.

**NOTE 16. RESTATEMENT OF PRIOR YEAR BALANCES**

Net Position and Fund Balance have been restated as required by the implementation of GASB 84.

	<u>Governmental Activities Net Position</u>	<u>General Fund Balance</u>	<u>Special Revenue Fund Balance</u>
<b>Beginning fund balance as previously reported at June 30, 2020</b>	\$ 1,295,536	5,617,862	-
Implementation GASB 84 - Restatement of Prior Year Balances Required			
Student Activities	58,191		58,191
Unemployment Fund	91,890	91,890	
Total Restatement	<u>150,081</u>	<u>91,890</u>	<u>58,191</u>
<b>Fund Balance as restated, July 1, 2020</b>	<u>\$ 1,445,617</u>	<u>5,709,752</u>	<u>58,191</u>

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**NOTE 17. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through February 21, 2022, the date on which the financial statements were available to be issued, and no items were identified that require disclosure.

**Required Supplementary Information**  
**Part II**

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**BUDGETARY COMPARISON SCHEDULES**

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Atlantic County Special Services School District  
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 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
County Appropriation	\$ 2,070,597		2,070,597	2,070,597	-
Tuition- from LEAs	14,239,646		14,239,646	14,167,123	(72,523)
Other Tuition	532,400		532,400	276,320	(256,080)
Non-Resident Fees	189,540		189,540	227,682	38,142
Rents and Royalties	42,800		42,800	62,800	20,000
Interest Earned on Capital Reserve Funds	200		200	200	-
Interest Earned on Maintenance Reserve Funds	100		100	100	-
Other Restricted Miscellaneous Revenues				674	674
Miscellaneous	65,300		65,300	331,039	265,739
<b>Total - Local Sources</b>	<b>17,140,583</b>	<b>-</b>	<b>17,140,583</b>	<b>17,136,535</b>	<b>(4,048)</b>
State Sources:					
Reimbursed TPAF Social Security Contributions (non-budgeted)				485,245	485,245
On-behalf TPAF Post Retirement Contributions (non-budgeted)				601,820	601,820
On-behalf TPAF LTDI (non-budgeted)				581	581
On-behalf TPAF Pension Contributions (non-budgeted)				1,920,389	1,920,389
<b>Total - State Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,008,035</b>	<b>3,008,035</b>
Federal Sources:					
Medical Assistance Program	125,000		125,000	181,816	56,816
<b>Total - Federal Sources</b>	<b>125,000</b>	<b>-</b>	<b>125,000</b>	<b>181,816</b>	<b>56,816</b>
<b>Total Revenues</b>	<b>17,265,583</b>	<b>-</b>	<b>17,265,583</b>	<b>20,326,386</b>	<b>3,060,803</b>

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Behavioral Disabilities					
Salaries of Teachers	575,927	(68,798)	507,129	461,419	45,710
Other Salaries for Instruction	104,788	77,144	181,932	154,310	27,622
Purchased Professional-Educational Services	135,200	(8,346)	126,854	35,047	91,807
General Supplies	25,778	-	25,778	6,523	19,255
Other Objects	3,950	-	3,950	179	3,771
Total Behavioral Disabilities	845,643	-	845,643	657,478	188,165
Multiple Disabilities					
Salaries of Teachers	1,770,265	(14,445)	1,755,820	1,654,773	101,047
Other Salaries for Instruction	1,110,777	30,445	1,141,222	1,021,576	119,646
Purchased Professional-Educational Services	40,400	25,000	65,400	48,208	17,192
Other Purchased Services	3,000	-	3,000	-	3,000
General Supplies	71,837	(19,600)	52,237	29,469	22,768
Other Objects	28,044	6,600	34,644	32,857	1,787
Total Multiple Disabilities	3,024,323	28,000	3,052,323	2,786,883	265,440
Autism					
Salaries of Teachers	810,842	78,395	889,237	845,823	43,414
Other Salaries for Instruction	361,665	(35,000)	326,665	245,932	80,733
Purchased Professional-Educational Services	30,000	25,000	55,000	24,659	30,341
General Supplies	11,304	18,450	29,754	5,396	24,358
Other Objects	10,233	(2,450)	7,783	4,229	3,554
Total Autism	1,224,044	84,395	1,308,439	1,126,039	182,400
Preschool Disabilities - Full-Time					
Salaries of Teachers	213,119	7,500	220,619	141,651	78,968
Other Salaries for Instruction	118,183	(52,500)	65,683	64,663	1,020
Purchased Professional-Educational Services	-	50,000	50,000	-	50,000
General Supplies	2,750	-	2,750	501	2,249
Other Objects	400	-	400	-	400
Total Preschool Disabilities - Full-Time	334,452	5,000	339,452	206,815	132,637

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Extended School Year					
Salaries of Teachers	200,293	-	200,293	114,445	85,848
Other Salaries for Instruction	105,150	(85,118)	20,032	-	20,032
Purchased Professional-Educational Services	84,000	(72,395)	11,605	-	11,605
Other Purchased Services	50	-	50	-	50
General Supplies	3,500	-	3,500	-	3,500
Other Objects	7,500	-	7,500	-	7,500
<b>Total Extended School Year</b>	<b>400,493</b>	<b>(157,513)</b>	<b>242,980</b>	<b>114,445</b>	<b>128,535</b>
Cognitive - Severe					
Salaries of Teachers	448,031	89,118	537,149	430,057	107,092
Other Salaries for Instruction	155,870	(26,486)	129,384	72,643	56,741
Purchased Professional-Educational Services	230,750	(22,806)	207,944	207,399	545
General Supplies	2,020	992	3,012	644	2,368
<b>Total Cognitive - Severe</b>	<b>836,671</b>	<b>40,818</b>	<b>877,489</b>	<b>710,743</b>	<b>166,746</b>
<b>Total Special Education - Instruction</b>	<b>6,665,626</b>	<b>700</b>	<b>6,666,326</b>	<b>5,602,403</b>	<b>1,063,923</b>
Other Instructional Programs - Instruction					
Salaries	514,399	2,300	516,699	432,047	84,652
Supplies and Materials	7,500	-	7,500	694	6,806
<b>Total Other Instructional Programs - Instruction</b>	<b>521,899</b>	<b>2,300</b>	<b>524,199</b>	<b>432,741</b>	<b>91,458</b>
<b>Total Instruction</b>	<b>7,187,525</b>	<b>3,000</b>	<b>7,190,525</b>	<b>6,035,144</b>	<b>1,155,381</b>
Undistributed Expenditures - Health Services:					
Salaries	242,459	-	242,459	235,453	7,006
Purchased Professional and Technical Services	106,800	-	106,800	54,531	52,269
Other Purchased Services	2,048	-	2,048	307	1,741
Supplies and Materials	8,412	-	8,412	2,359	6,053
Other Objects	500	-	500	85	415
<b>Total Undistributed Expenditures - Health Services</b>	<b>360,219</b>	<b>-</b>	<b>360,219</b>	<b>292,735</b>	<b>67,484</b>

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Other Support Services - Students - Speech, OT, PT & Related Services:					
Salaries	1,253,143	(50,000)	1,203,143	1,175,019	28,124
Purchased Professional and Educational Services	500	-	500	-	500
Supplies and Materials	3,946	600	4,546	3,616	930
<b>Total Undistributed Expenditures - Other Support Services - Students - Speech, OT, PT &amp; Related Services:</b>	<b>1,257,589</b>	<b>(49,400)</b>	<b>1,208,189</b>	<b>1,178,635</b>	<b>29,554</b>
Undistributed Expenditures - Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	605,909	-	605,909	597,198	8,711
Salaries of Secretarial and Clerical Assistants	59,889	(1,150)	58,739	58,563	176
Other Salaries	109,408	50	109,458	109,408	50
Purchased Professional and Educational Services	52,420	-	52,420	50,170	2,250
Other Purchased Services	4,320	2,100	6,420	5,850	570
Supplies and Materials	5,152	(600)	4,552	3,070	1,482
Other Objects	845	-	845	845	-
<b>Total Undistributed Expenditures - Other Support Services - Students - Child Study Team:</b>	<b>837,943</b>	<b>400</b>	<b>838,343</b>	<b>825,104</b>	<b>13,239</b>
Undistributed Expenditures - Improvement of Instructional Serv.					
Salaries of Supervisors of Instruction	117,914	-	117,914	110,839	7,075
Other Salaries	2,280	-	2,280	-	2,280
Purchased Professional and Educational Services	1,000	-	1,000	369	631
Other Objects	845	-	845	845	-
<b>Total Undistributed Expenditures - Improvement of Instructional Serv.:</b>	<b>122,039</b>	<b>-</b>	<b>122,039</b>	<b>112,053</b>	<b>9,986</b>
Undistributed Expenditures - Educational Media Serv./Sch. Library					
Purchased Professional and Technical Services	2,050	-	2,050	-	2,050
<b>Total Undistributed Expenditures - Edu. Media Serv./Sch Library</b>	<b>2,050</b>	<b>-</b>	<b>2,050</b>	<b>-</b>	<b>2,050</b>
Undistributed Expenditures - Instructional Staff Training Services					
Purchased Professional - Educational Services	16,500	-	16,500	3,706	12,794
Other Purchased Services	1,165	-	1,165	7	1,158
Supplies and Materials	3,859	-	3,859	-	3,859
Other Objects	13,250	-	13,250	2,398	10,852
<b>Total Undistributed Expenditures -Instructional Staff Training Services</b>	<b>34,774</b>	<b>-</b>	<b>34,774</b>	<b>6,111</b>	<b>28,663</b>

Atlantic County Special Services School District  
 (A Component Unit of the County of Atlantic)  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>Undistributed Expenditures - Support Services - Gen. Admin.:</b>					
Salaries	184,388	(5,500)	178,888	174,387	4,501
Legal Services	64,664	-	64,664	34,776	29,888
Audit Fees	31,000	-	31,000	30,000	1,000
Architectural/Engineering Services	2,000	45,000	47,000	7,367	39,633
Other Purchased Professional Services	10,600	5,500	16,100	15,999	101
Communications/Telephone	40,900	(8,000)	32,900	32,154	746
Other Purchased Services	75,622	(6,300)	69,322	66,156	3,166
General Supplies	8,326	2,800	11,126	8,781	2,345
BOE In-House Training/Meeting Supplies	2,000	(1,000)	1,000	510	490
Miscellaneous Expenditures	8,148	(1,000)	7,148	6,701	447
BOE Membership Dues and Fees	9,600	4,500	14,100	13,655	445
<b>Total Undistributed Expenditures - Support Services - Gen. Admin.</b>	<b>437,248</b>	<b>36,000</b>	<b>473,248</b>	<b>390,486</b>	<b>82,762</b>
<b>Undistributed Expenditures - Support Serv. - School Admin.:</b>					
Salaries of Principals/Assistant Principals	230,246	-	230,246	223,537	6,709
Salaries of Secretarial and Clerical Assistants	168,528	100	168,628	162,914	5,714
Other Purchased Services	56,850	(2,100)	54,750	40,107	14,643
Supplies and Materials	8,900	-	8,900	637	8,263
Other Objects	11,590	-	11,590	1,957	9,633
<b>Total Undistributed Expenditures - Support Serv. - School Admin.</b>	<b>476,114</b>	<b>(2,000)</b>	<b>474,114</b>	<b>429,152</b>	<b>44,962</b>
<b>Undistributed Expenditures - Central Services</b>					
Salaries	510,344	(75,722)	434,622	409,382	25,240
Unused Vacation Payment to Terminated/Retired Staff	14,500	17,000	31,500	31,271	229
Purchased Professional Services	53,500	23,722	77,222	77,222	-
Miscellaneous Purchased Services	7,600	-	7,600	5,048	2,552
Supplies and Materials	10,000	-	10,000	6,828	3,172
Miscellaneous Expenses	2,000	-	2,000	540	1,460
<b>Total Undistributed Expenditures - Central Services</b>	<b>597,944</b>	<b>(35,000)</b>	<b>562,944</b>	<b>530,291</b>	<b>32,653</b>
<b>Undistributed Expenditures - Admin. Info. Tech.</b>					
Salaries	108,488	5,000	113,488	113,047	441
Purchased Technical Services	69,643	(35,000)	34,643	29,249	5,394
Other Purchased Services	200	-	200	-	200
Supplies and Materials	56,139	30,000	86,139	54,355	31,784
Other Objects	1,750	-	1,750	1,102	648
<b>Total Undistributed Expenditures - Admin. Info. Tech.</b>	<b>236,220</b>	<b>-</b>	<b>236,220</b>	<b>197,753</b>	<b>38,467</b>

Atlantic County Special Services School District  
 (A Component Unit of the County of Atlantic)  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Required Maintenance for School Facilities of Plant Services:					
Salaries	257,876	(18,923)	238,953	200,934	38,019
Cleaning, Repair and Maintenance Services	244,052	-	244,052	191,292	52,760
General Supplies	78,388	(10,000)	68,388	52,516	15,872
Other Objects	2,000	-	2,000	115	1,885
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>582,316</b>	<b>(28,923)</b>	<b>553,393</b>	<b>444,857</b>	<b>108,536</b>
Undistributed Expenditures - Custodial Services:					
Salaries	441,224	-	441,224	395,812	45,412
Purchased Professional and Technical Services	10,210	-	10,210	6,460	3,750
Cleaning, Repair, and Maintenance Services	24,000	19,350	43,350	32,753	10,597
Other Purchased Property Services	22,500	6,150	28,650	28,439	211
Insurance	110,500	(25,000)	85,500	81,119	4,381
General Supplies	85,181	30,500	115,681	110,883	4,798
Energy (Natural Gas)	125,925	-	125,925	113,948	11,977
Energy (Electricity)	360,000	(6,000)	354,000	328,884	25,116
Energy (Gasoline)	2,069	-	2,069	884	1,185
<b>Total Undistributed Expenditures - Custodial Services</b>	<b>1,181,609</b>	<b>25,000</b>	<b>1,206,609</b>	<b>1,099,182</b>	<b>107,427</b>
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	49,500	(15,000)	34,500	16,693	17,807
General Supplies	12,000	-	12,000	9,507	2,493
<b>Total Undistributed Expenditures - Care &amp; Upkeep of Grounds</b>	<b>61,500</b>	<b>(15,000)</b>	<b>46,500</b>	<b>26,200</b>	<b>20,300</b>
Undistributed Expenditures - Security					
Salaries	168,502	-	168,502	146,218	22,284
Purchased Professional and Technical Services	49,600	-	49,600	35,842	13,758
General Supplies	8,000	-	8,000	1,518	6,482
<b>Total Undistributed Expenditures - Security</b>	<b>226,102</b>	<b>-</b>	<b>226,102</b>	<b>183,578</b>	<b>42,524</b>
Undistributed Expenditures - Student Transportation Services: Contracted Services - (Other than Between Home and School) - Vendors					
	200,945	(3,000)	197,945	4,051	193,894
<b>Total Undistributed Expenditures - Student Transportation Serv.</b>	<b>200,945</b>	<b>(3,000)</b>	<b>197,945</b>	<b>4,051</b>	<b>193,894</b>

Atlantic County Special Services School District  
 (A Component Unit of the County of Atlantic)  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Unallocated Benefits:					
Social Security Contributions	315,000	-	315,000	255,534	59,466
Other Retirement Contributions - PERS	593,303	-	593,303	471,899	121,404
Other Retirement Contributions - Deferred PERS Pymt	3,500	-	3,500	1,618	1,882
Unemployment Compensation	5,000	-	5,000	5,930	(930)
Worker's Compensation	305,000	-	305,000	301,375	3,625
Health Benefits	3,466,500	-	3,466,500	2,732,506	733,994
Tuition Reimbursement	45,000	-	45,000	4,300	40,700
Other Employees Benefits	11,100	-	11,100	6,190	4,910
Unused Sick Payment to Terminated/Retired Staff	22,900	-	22,900	7,500	15,400
<b>Total Unallocated Benefits</b>	<b>4,767,303</b>	<b>-</b>	<b>4,767,303</b>	<b>3,786,852</b>	<b>980,451</b>
Reimbursed TPAF Social Security Contributions (non-budgeted)				485,245	(485,245)
On-behalf TPAF Post Retirement Contributions (non-budgeted)				601,820	(601,820)
On-behalf TPAF LTDI (non-budgeted)				581	(581)
On-behalf TPAF Pension Contributions (non-budgeted)				1,920,389	(1,920,389)
<b>Total On-behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,008,035</b>	<b>(3,008,035)</b>
<b>Total Undistributed Expenditures</b>	<b>11,381,915</b>	<b>(71,923)</b>	<b>11,309,992</b>	<b>12,515,075</b>	<b>(1,205,083)</b>
Interest Earned on Maintenance Reserve	100	-	100	100	-
<b>Total Current Expense</b>	<b>18,569,540</b>	<b>(68,923)</b>	<b>18,500,617</b>	<b>18,550,319</b>	<b>(49,702)</b>
<b>Capital Outlay:</b>					
Interest Earned on Capital Reserve	200	-	200	200	-
Equipment:					
Multiple Disabilities		4,093	4,093	-	4,093
Cognitive - Severe	10,500	(4,093)	6,407	-	6,407
Undistributed Expenditures:					
Admin Info Tech	18,514	-	18,514	16,992	1,522
Required Maintenance for School Fac.		18,923	18,923	-	18,923
Care and Upkeep of Grounds	4,500	-	4,500	4,053	447
<b>Total Equipment</b>	<b>33,714</b>	<b>18,923</b>	<b>52,637</b>	<b>21,245</b>	<b>31,392</b>

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

For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	20,000	(20,000)	-	-	-
Construction Services	105,000	368,000	473,000	316,428	156,572
Total Facilities Acquisition and Construction Services	125,000	348,000	473,000	316,428	156,572
<b>Total Capital Outlay</b>	<b>158,714</b>	<b>366,923</b>	<b>525,637</b>	<b>337,673</b>	<b>187,964</b>
<b>Total Expenditures</b>	<b>18,728,254</b>	<b>298,000</b>	<b>19,026,254</b>	<b>18,887,992</b>	<b>138,262</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,462,671)	(298,000)	(1,760,671)	1,438,394	3,199,065
Other Financing Sources (Uses):					
Refund of Prior Year's Revenue				(5,458)	(5,458)
Operating Transfers Out:					
Transfer to Food Service Fund - Board Contribution	(40,000)	(50,000)	(90,000)	(90,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,502,671)	(348,000)	(1,850,671)	1,342,936	3,193,607
Fund Balances, July 1	5,617,862	-	5,617,862	5,617,862	-
Restatement	-	-	-	91,890	(91,890)
Fund Balances, July 1, Restated	5,617,862	-	5,617,862	5,709,752	(91,890)
Fund Balances, June 30	\$ 4,115,191	(348,000)	3,767,191	7,052,688	3,101,717
<b>Recapitulation of Fund Balance:</b>					
<b>Restricted Fund Balance:</b>				86,634	
Unemployment Compensation					
<b>Committed Fund Balance:</b>					
Capital Reserve				1,767,668	
Maintenance Reserve				956,071	
Designated for Subsequent Year's Expenditures				1,294,804	
<b>Assigned Fund Balance:</b>					
Reserve for Encumbrances				388,495	
<b>Unassigned Fund Balance</b>				2,559,016	
				7,052,688	
Reconciliation to Governmental Funds Statements (GAAP)					
Last State Aid Payment Not Recognized on GAAP Basis				-	
Fund Balance per Governmental Funds (GAAP)				7,052,688	



Atlantic County Special Services School District  
 (A Component Unit of the County of Atlantic)  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Revenue from Local Sources		27,532	27,532	61,517	33,985
Total - Local Sources	-	27,532	27,532	61,517	33,985
Federal Sources:					
Other Restricted Entitlements		74,171	74,171	74,171	-
Total - Federal Sources	-	74,171	74,171	74,171	-
<b>Total Revenues</b>	<b>-</b>	<b>101,703</b>	<b>101,703</b>	<b>135,688</b>	<b>33,985</b>

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

Special Revenue Fund  
For the Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
General Supplies		37,643	37,643	37,643	-
<b>Total instruction</b>	-	37,643	37,643	37,643	-
Support Services					
General Supplies		15,000	15,000	15,000	-
Student Activities		-		31,022	(31,022)
<b>Total support services</b>	-	15,000	15,000	46,022	(31,022)
<b>Facilities acquisition and construction services:</b>					
Instructional Equipment		21,528	21,528	21,528	-
Construction Services		27,532	27,532	27,532	-
<b>Total facilities acquisition and construction services</b>	-	49,060	49,060	49,060	-
<b>Total expenditures</b>	-	101,703	101,703	132,725	(31,022)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	2,963	2,963
Fund Balance, July 1 Restatement				58,191	
Fund Balance, July 1 (Restated)				58,191	
Fund Balance, June 30				61,154	
Restricted: Student Activities				61,154	
Total Fund Balance				61,154	

**ATLANTIC COUNTY SPRECIAL SERVICES SCHOOL DISTRICT**  
**(A Component Unit of the County of Atlantic)**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2021**

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

		General Fund	Special Revenue
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	C-1; C-2	\$ 20,326,386	135,688
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			
Prior year			
Current year			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.			
		_____	_____
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	20,326,386	135,688
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-2	18,887,992	132,725
Differences - budget to GAAP:			
Encumbrances for supplies and equipment ordered but but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes			
Prior year			
Current year			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to enterprise fund.			
		_____	_____
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$ 18,887,992	132,725

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**Required Supplementary Information**  
**Part III**

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

	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0659117225%	0.0772245320%	0.0846731219%	0.09688321010%	0.1111737820%	0.1163600000%	0.1250800000%	0.1220000000%
District's proportionate of the net pension liability (asset)	\$ 10,748,478	\$ 13,914,315	\$ 16,671,716	\$ 22,540,965	\$ 32,926,485	\$ 26,119,602	\$ 23,417,955	\$ 23,359,742
District's covered payroll	\$ 4,370,729	\$ 4,571,254	\$ 4,873,381	\$ 5,975,866	\$ 6,833,374	\$ 6,988,957	\$ 8,719,053	\$ 8,676,108
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	245.92%	304.39%	342.10%	377.20%	481.85%	373.73%	268.58%	269.24%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	721,041	751,147	842,224	897,046	987,652	1,000,350	1,000,872	\$ 908,418
Contributions in relation to the contractually required contribution	721,041	751,147	842,224	897,046	987,652	1,000,350	1,000,872	908,418
Contribution deficiency (excess)	-	-	-	-	-	-	-	\$ -
District's covered-employee payroll	4,370,729	4,571,254	4,873,381	5,975,866	6,833,374	6,988,957	8,719,053	\$ 8,676,108
Contributions as a percentage of covered-employee payroll	16.50%	16.43%	17.28%	15.01%	14.45%	14.31%	11.48%	10.47%

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

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



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

	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.068961%	0.070716%	0.068926%	0.066279%	0.066280%	0.07846%	0.08300%	0.08200%
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	45,410,263	43,399,217	50,222,271	60,321,128	60,321,128	49,593,171	\$ 44,293,160	\$ 41,665,099
Total	<u>45,410,263</u>	<u>43,399,217</u>	<u>50,222,271</u>	<u>60,321,128</u>	<u>60,321,128</u>	<u>49,593,171</u>	<u>44,293,160</u>	<u>\$ 41,665,099</u>
District's covered payroll	6,840,952	6,843,176	7,257,826	7,115,052	7,080,193	7,197,007	8,522,183	\$ 8,480,208
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**(A Component Unit of the County of Atlantic)**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**Public Employee Retirement System and Teachers' Pension and Annuity Fund**  
**Last Five Fiscal Years**

	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 105,538,824</u>	<u>\$ 67,529,504</u>	<u>\$ 75,531,668</u>	<u>\$ 89,009,148</u>	<u>\$ 96,530,933</u>
<b>Total</b>	<b><u>\$ 105,538,824</u></b>	<b><u>\$ 67,529,504</u></b>	<b><u>\$ 75,531,668</u></b>	<b><u>\$ 89,009,148</u></b>	<b><u>\$ 96,530,933</u></b>
District's covered payroll	11,211,681	11,414,430	12,131,207	13,090,918	13,913,567
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:					
Service Cost	1,887,672.00	2,026,063.00	2,500,857.00	3,007,375.00	
Interest Cost	2,398,690.00	2,962,931.00	3,241,462.00	2,808,744.00	
Differences between Expected & Actual	16,226,296.00	(11,986,522.00)	(8,602,276.00)		
Changes in Assumptopns	19,278,316.00	1,006,870.00	(8,667,637.00)	(11,352,178.00)	
Member Contributions	55,690.00	61,448.00	69,804.00	75,915.00	
Benefit Payments	(1,837,344.00)	(2,072,954.00)	(2,019,690.00)	(2,061,641.00)	
Change in Total Opeb Liability	<u>38,009,320.00</u>	<u>(8,002,164.00)</u>	<u>(13,477,480.00)</u>	<u>(7,521,785.00)</u>	
State's proportionate share of the net OPEB liability (asset) associated with the District - Beginning Balance	<u>67,529,504.00</u>	<u>75,531,668.00</u>	<u>89,009,148.00</u>	<u>96,530,933.00</u>	
Ending Balance	<u>\$ 105,538,824.00</u>	<u>\$ 67,529,504.00</u>	<u>\$ 75,531,668.00</u>	<u>\$ 89,009,148.00</u>	
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	941.33%	591.62%	622.62%	679.93%	

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

Note: This schedule is required by GASB 75 to be show information for a 10 year period.

However, information is only currently available for five years.

Additional years will be presented as they become available.

**SPECIAL REVENUE FUND**

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**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**(A Component Unit of the County of Atlantic)**  
**Special Revenue Fund**  
**Combining Schedule of Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Small Rural School Achievement (REAP)	CARES ACT	Safety Grant	Student Activity Fund	Total 2021
<b>REVENUES:</b>					
State Sources	\$ 59,171	15,000			74,171
Federal Sources			27,532	33,985	61,517
Local Sources		15,000	27,532	33,985	135,688
<b>Total revenues</b>	<b>59,171</b>	<b>15,000</b>	<b>27,532</b>	<b>33,985</b>	<b>135,688</b>
<b>EXPENDITURES:</b>					
Instruction:					
General supplies	37,643				37,643
<b>Total instruction</b>	<b>37,643</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,643</b>
Support services:					
General Supplies		15,000		31,022	15,000
Student Activities					31,022
<b>Total support services</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>31,022</b>	<b>46,022</b>
Facilities acquisition and const. serv.:					
Instructional equipment	21,528				21,528
Construction Services			27,532		27,532
<b>Total facilities acquisition and construction services</b>	<b>21,528</b>	<b>-</b>	<b>27,532</b>	<b>-</b>	<b>49,060</b>
<b>Total expenditures</b>	<b>59,171</b>	<b>15,000</b>	<b>27,532</b>	<b>31,022</b>	<b>132,725</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,963</b>	<b>2,963</b>
Fund Balance, July 1 Restatement	-	-	-	-	-
Fund Balance, July 1 (Restated)	-	-	-	58,191	58,191
Fund Balance, June 30	-	-	-	58,191	58,191
<b>Fund Balance, June 30</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>61,154</b>	<b>61,154</b>

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## **Statistical Section**

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 22,859,252	22,911,095	22,029,125	21,491,916	20,804,347	20,064,288	20,045,747	19,081,151	18,303,791	17,942,147
Restricted	351,949	431,660	502,986	510,492	1,024,333	1,661,682	1,089,745	1,036,574	1,194,898	2,156,163
Unrestricted	3,119,820	2,805,165	2,237,148	(21,773,111)	(20,901,443)	(20,504,881)	(20,882,022)	(20,631,068)	(18,203,153)	(15,027,721)
Total governmental activities net position	26,331,021	26,147,920	24,769,259	229,297	927,237	1,221,089	253,470	(513,343)	1,295,536	5,070,589
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	1,436,445	2,119,606	1,753,014	1,534,772	1,782,430	1,549,132	1,406,575	1,213,518	1,248,522	1,304,501
Restricted										
Unrestricted	2,304,396	1,638,304	1,503,127	2,255,100	2,363,799	2,673,412	2,928,500	3,570,730	4,113,856	3,803,842
Total business-type activities net position	3,740,841	3,757,910	3,256,141	3,789,872	4,146,229	4,222,544	4,335,075	4,784,248	5,362,378	5,108,343
<b>District-wide</b>										
Invested in capital assets, net of related debt	24,295,697	25,030,701	23,782,139	23,026,688	22,586,777	21,613,420	21,452,322	20,294,669	19,552,313	19,246,648
Restricted	351,949	431,660	502,986	510,492	1,024,333	1,661,682	1,089,745	1,036,574	1,194,898	2,156,163
Unrestricted	5,424,216	4,443,469	3,740,275	(19,518,011)	(18,537,644)	(17,831,469)	(17,953,522)	(17,060,338)	(14,089,297)	(11,223,879)
Total district net position	\$ 30,071,862	29,905,830	28,025,400	4,019,169	5,073,466	5,443,633	4,588,545	4,270,905	6,657,914	10,178,932

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities										
Instruction										
Other special education	\$ 11,219,541	7,601,339	7,845,081	7,607,307	6,674,720	13,150,586	15,342,977	11,186,765	9,535,986	9,913,130
Other instruction	1,151,081	769,477	761,457	855,485	840,012	1,269,274	1,508,517	716,677	634,180	771,759
Support Services:										
Student & instruction related services	4,212,370	3,011,649	3,038,669	2,884,228	2,575,716	5,315,899	5,997,389	4,638,765	3,817,777	4,388,391
General administrative services	899,144	604,907	631,216	672,983	590,498	933,999	1,168,796	866,764	616,266	765,358
School administrative services	1,632,110	1,089,890	1,115,928	1,174,994	1,237,757	2,437,219	2,910,094	2,145,912	1,710,011	1,994,808
Plant operations and maintenance	2,327,684	775,391	1,653,937	1,607,410	1,514,807	3,308,944	3,951,888	3,029,622	2,779,580	3,127,971
Pupil transportation	44,453	38,272	27,389	29,214	19,583	25,999	42,296	52,037	24,186	7,224
Unallocated Benefits		6,734,753	6,750,637	9,043,970	9,080,388					
Capital Outlay	32,246					74,634	59,166	5,451	116,939	-
Unallocated Depreciation		916,307	889,920	798,079	841,464					
Unallocated activities expenses	21,518,629	21,541,985	22,714,234	24,873,870	23,374,955	26,516,554	30,981,123	22,641,993	19,234,925	20,968,641
Total governmental activities	16,440,380	17,045,538	17,511,058	17,300,771	18,249,748	17,688,459	14,652,684	13,329,154	14,961,744	14,671,125
Business-type activities:										
Food service	46,464	1,763,872	1,555,966	3,673,677	3,637,239	4,888,197	8,778,626	6,026,617	3,763,082	7,377,181
Transportation										
Teachers Aide Services										
Other										
Total business-type activities expense	46,464	1,763,872	1,555,966	3,673,677	3,637,239	4,888,197	8,778,626	6,026,617	3,763,082	7,377,181
Total district expenses	16,486,844	18,809,410	19,067,024	20,974,448	21,886,987	22,576,656	23,431,310	19,355,771	18,724,826	22,048,306
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	16,440,380	17,045,538	17,511,058	17,300,771	18,249,748	17,688,459	14,652,684	13,329,154	14,961,744	14,671,125
Operating grants and contributions	46,464	1,763,872	1,555,966	3,673,677	3,637,239	4,888,197	8,778,626	6,026,617	3,763,082	7,377,181
Total governmental activities program revenues	16,486,844	18,809,410	19,067,024	20,974,448	21,886,987	22,576,656	23,431,310	19,355,771	18,724,826	22,048,306
Business-type activities:										
Charges for services										
Food service	251,792	273,208	249,915	238,480	244,334	254,708	253,516	213,267	127,786	55,992
Transportation	8,379,071	7,988,914	7,137,544	7,552,623	6,650,694	6,143,004	5,932,797	5,670,735	4,752,423	3,185,147
Teachers Aide Services	2,578,198	3,571,220	3,428,023	3,686,080	3,889,285	4,467,413	4,822,046	4,724,732	4,765,054	3,828,012
Other	523,252					27,075	-	-	-	-
Operating grants and contributions	208,704	195,504	231,665	228,814	217,241	211,657	193,405	178,570	134,010	214,020
Total business type activities program revenues	11,941,017	12,028,846	11,047,147	11,705,997	11,001,554	11,103,857	11,001,764	10,787,304	9,779,273	7,283,171
Total district program revenues	28,427,861	30,838,256	30,114,171	32,680,445	32,888,541	33,680,513	34,433,074	30,143,075	28,504,099	29,331,477
<b>Net (Expense)/Revenue</b>										
Governmental activities	(5,031,785)	(2,732,575)	(3,647,210)	(3,699,222)	(1,487,968)	(3,939,898)	(7,549,813)	(3,286,222)	(510,099)	1,079,665
Business-type activities	(142,523)	(421,489)	(634,769)	165,654	(365,646)	(129,156)	47,747	461,425	398,918	(251,482)
Total district-wide net expense	(5,174,308)	(3,154,064)	(4,281,979)	(3,533,568)	(1,853,614)	(4,069,054)	(7,502,066)	(2,824,797)	(111,181)	828,183
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes levied for general purposes, net	1,999,800	2,039,796	2,050,096	2,050,096	2,050,096	2,050,096	2,050,096	2,050,096	2,070,597	2,070,597
Federal & State Aid - not restricted	1,623,163	215,658	116,233	610,235	215,447	1,582,346	4,077,210	213,882	187,186	181,816

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Miscellaneous income	108,554	432,343	223,087	161,438	170,365	155,767	128,555	151,337	110,775	332,013
Rents and Royalties							75,000	96,800	135,467	62,800
Transfers	(215,544)	(139,126)	(133,000)	(305,976)	(250,000)	(200,000)	(64,784)	-	(190,000)	(90,000)
Contributed Services	7,739	803	12,133	60,582		16,641	183,779	-	599	-
Cancellation of Prior Year Payables										(6,461)
Loss on the Disposal of Fixed Assets							94,490	21,055	4,354	-
Gain on the Disposal of Fixed Assets						628,900	37,848	-	-	-
Adjustment to Fixed Assets				(57,373)				(13,761)	-	(5,458)
County Bond Proceeds										
Refund of Prior Year Revenue										
Receivable Cancelled										
<b>Total governmental activities</b>	<b>3,523,712</b>	<b>2,549,474</b>	<b>2,268,549</b>	<b>2,519,002</b>	<b>2,185,908</b>	<b>4,233,750</b>	<b>6,582,194</b>	<b>2,519,409</b>	<b>2,318,978</b>	<b>2,545,307</b>
<b>Business-type activities:</b>										
Miscellaneous income	779									
Transfers	215,544	139,126	133,000	305,976	250,000	200,000	64,784	-	190,000	90,000
Cancellation of Prior Year Payables		2,608		62,101		9,641				
Adjustment to Capital Assets		296,824								
Loss on Disposal of Fixed Assets						(4,170)		(12,252)		(92,553)
Cancellation of student balances									(10,788)	
<b>Total business-type activities</b>	<b>216,323</b>	<b>438,558</b>	<b>133,000</b>	<b>368,077</b>	<b>250,000</b>	<b>205,471</b>	<b>64,784</b>	<b>(12,252)</b>	<b>179,212</b>	<b>(2,553)</b>
<b>Total district-wide</b>	<b>3,740,035</b>	<b>2,988,032</b>	<b>2,401,549</b>	<b>2,887,079</b>	<b>2,435,908</b>	<b>4,439,221</b>	<b>6,646,978</b>	<b>2,507,157</b>	<b>2,498,190</b>	<b>2,542,754</b>
<b>Change in Net Position</b>										
Governmental activities	(1,508,073)	(183,101)	(1,378,661)	(1,180,220)	697,940	293,852	(967,619)	(766,813)	1,808,879	3,624,972
Business-type activities	73,800	17,069	(501,769)	533,731	(115,646)	76,315	112,531	449,173	578,130	(254,035)
<b>Total district</b>	<b>\$ (1,434,273)</b>	<b>(166,032)</b>	<b>(1,880,430)</b>	<b>(646,489)</b>	<b>582,294</b>	<b>370,167</b>	<b>(855,088)</b>	<b>(317,640)</b>	<b>2,387,009</b>	<b>3,370,937</b>

Source: CAFR Schedule A-2

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

	2012	2013	2014	2015	Fiscal Year Ending June 30,		2019	2020	2021
					2016	2017			
<b>General Fund</b>									
Restricted									
Committed						3,995,442	3,769,158	2,919,680	86,634
Assigned	45,879	1,040,663	1,013,012		31,721	75,671	3,205,970	2,919,680	4,018,543
Unassigned	2,562,486	2,293,645	1,804,831	2,405,779	3,653,911	2,767,342	226,865	154,430	388,495
Reserved	1,365,844	431,660	309,691	489,731	1,024,333		1,556,486	2,543,752	2,559,016
Unreserved									
<b>Total general fund</b>	<b>3,974,209</b>	<b>3,765,968</b>	<b>3,127,534</b>	<b>2,895,510</b>	<b>4,709,965</b>	<b>6,838,455</b>	<b>4,989,321</b>	<b>5,617,862</b>	<b>7,052,688</b>
<b>All Other Governmental Funds</b>									
Restricted, reported in:									
Special Revenue fund									61,154
Assigned, reported in:						545,260	-	-	-
Capital projects fund									
Unreserved, reported in:						1,000			
Capital projects fund			193,295	20,761					
Capital projects fund			193,295	20,761		546,260			
<b>Total all other governmental funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,154</b>

Source: CAFR Schedule B-1

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
County Appropriation	1,999,800	2,039,796	2,050,096	2,050,096	2,050,096	2,050,096	2,050,096	2,050,096	2,070,597	2,070,597
Tuition charges	16,334,305	17,045,538	17,511,058	17,300,771	18,249,748	17,529,522	14,475,034	13,132,234	14,749,684	14,443,443
Interest Earnings	769	7,631	5,189	1,315	751	120	120	120	300	974
Rents & Royalties							75,000	96,800	135,467	62,800
Miscellaneous	251,526	441,731	227,935	194,428	171,096	360,093	326,374	403,782	363,497	620,238
State sources	1,481,637	1,753,872	1,550,836	1,817,040	1,880,708	2,058,082	6,115,623	2,576,673	2,608,969	3,008,035
Federal sources	150,324	208,639	111,326	473,389	201,036	362,503	206,294	213,882	187,186	255,987
Total revenue	20,218,361	21,497,207	21,456,440	21,837,039	22,553,435	22,360,416	23,248,541	18,473,587	20,115,700	20,462,074
<b>Expenditures</b>										
Instruction										
Other special instruction	7,635,798	7,601,339	7,845,081	7,607,307	6,674,720	6,498,631	6,435,827	6,125,895	6,043,580	5,640,046
Other instruction	783,403	769,477	761,457	855,485	840,012	627,238	632,769	392,454	401,922	432,741
Support Services:										
Student & instruction related services	2,866,856	3,011,649	3,038,669	2,884,228	2,575,716	2,626,960	2,515,689	2,540,197	2,419,576	2,460,660
General administrative services	611,940	604,907	631,216	672,983	590,498	384,566	411,630	388,851	366,180	390,486
School Administrative services	357,719	407,138	411,047	450,136	514,285	461,555	490,268	474,642	390,568	429,152
Business administrative services	753,063	682,752	704,881	724,858	723,472	819,836	809,050	786,254	717,566	728,044
Plant operations and maintenance	1,584,176	1,654,930	1,644,725	1,620,719	1,559,994	1,635,183	1,657,725	1,659,093	1,761,603	1,753,917
Pupil transportation	30,253	38,272	27,389	29,214	19,583	12,848	17,741	28,496	15,328	4,051
Unallocated employee benefits	5,987,339	6,708,050	6,699,085	6,846,339	6,902,753	6,919,388	10,854,307	7,115,220	6,954,214	6,794,887
Capital outlay	255,189	88,611	17,162	247,561	108,708	145,002	756,708	168,028	227,221	386,733
Total expenditures	20,865,736	21,567,125	21,780,712	21,938,830	20,509,741	20,131,207	24,581,714	19,679,130	19,297,758	19,020,717
Excess (Deficiency) of revenues over (under) expenditures	(647,375)	(69,918)	(324,272)	(101,791)	2,043,694	2,229,209	(1,333,173)	(1,205,543)	817,942	1,441,357
<b>Other Financing sources (uses)</b>										
Contributed Services										
Cancellation of Prior Year Payables	7,739	803	12,133	60,582		16,641	183,779	-	599	-
County Bond Proceeds						628,900	37,848	-	-	-
Increase in Capital Reserve	75,000					392,100	(94,190)	(150,000)	230,559	-
Transfer to Capital Reserve	(75,000)					(392,100)	94,290	150,100	(230,559)	-
Transfer from Emergency Reserve										
Decrease in Maintenance Reserve							(2,336)	(150,000)	103,400	-
Transfer from Maintenance Reserve							2,356	150,020	(103,400)	-
Transfers in	9,425						55,216	-	-	-
Transfers out	(224,969)	(139,126)	(133,000)	(305,976)	(250,000)	(200,000)	(120,000)	-	(190,000)	(90,000)
Refund of Prior Year's Revenue										(5,458)
Appropriations Cancelled				(57,373)				(13,761)		
Total other financing sources (uses)	(207,805)	(138,323)	(120,867)	(302,767)	(250,000)	445,541	156,963	(13,641)	(189,401)	(95,458)
Net change in fund balances	(855,180)	(208,241)	(445,139)	(404,558)	1,793,694	2,674,750	(1,176,210)	(1,219,184)	628,541	1,345,899
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest	Non-Resident Fees	Rent	Shared Services	Miscellaneous	Total
2012	769	106,075		104,251	3,534	214,629
2013	7,631	129,518		111,281	183,913	432,343
2014	5,189	118,769		55,486	43,643	223,087
2015	1,315	108,286		48,376	3,461	161,438
2016	751	110,635		23,375	35,604	170,365
2017	8,919	158,937		105,621	41,107	314,584
2018	10,775	522,060	196,920	76,055	41,725	847,535
2019	37,534	196,920	96,800	36,894	76,909	445,057
2020	80,594	212,060	135,467	20,332	9,849	458,302
2021	57,705	227,682	62,800	43,574	230,734	622,495

Source: District Records

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

<u>Function/Program</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	10	10	10	10	10	12	7	7	5	5
Special Education instruction	59	61	59	59	49	50	46	45	44	41
Other special education instruction	140	135	142	142	142	94	81	73	63	61
Other instruction	4	5	4	4	4	2	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	45	45	43	43	31	32	31	31	24	28
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	8	8	8	8	7	7	6	6	6	6
Business administrative services	12	12	12	12	12	12	11	11	9	8
Plant operations and maintenance	18	14	16	16	16	16	17	17	19	19
Pupil transportation	141	135	132	132	114	83	76	68	65	68
Food Service	9	9	8	8	6	6	5	5	5	4
<b>Total</b>	<b>448</b>	<b>436</b>	<b>436</b>	<b>436</b>	<b>393</b>	<b>316</b>	<b>282</b>	<b>265</b>	<b>242</b>	<b>242</b>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2012	438	19,463,680	44,438	4.29%	59	7:1	7:1	438	400	-4.16%	91.32%	
2013	439	21,550,106	49,089	10.47%	71	6:2:1	6:2:1	434	389	-0.91%	89.63%	
2014	431	21,763,500	50,495	2.86%	69	6:1	6:1	431	389	-0.67%	90.12%	
2015	406	21,727,341	53,516	5.98%	69	6:1	6:1	406	381	-5.82%	93.84%	
2016	390	20,508,259	52,585	-1.74%	59	6:1	6:1	387	348	-4.68%	89.92%	
2017	371	19,986,205	53,871	2.45%	62	6:1	6:1	365	329	-5.68%	89.80%	
2018	345	23,825,006	69,058	28.19%	53	6:1	6:1	348	308	-4.66%	88.51%	
2019	309	19,511,102	63,143	-8.57%	52	6:1	6:1	320	282	-8.05%	88.13%	
2020	322	19,070,537	59,225	-6.20%	49	6:1	6:1	321	297	0.31%	92.52%	
2021	309	18,633,984	60,304	1.82%	46	6:1	6:1	309	259	-3.74%	83.82%	

Sources: District records, ASSA and Schedules J-4

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).



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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>District Building</b>										
<b>Main Campus - Mays Landing (2003)</b>										
Square Feet	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000
Capacity (students)	508	508	508	508	508	508	508	508	508	508
Enrollment	438	439	431	406	390	371	345	345	322	309
<b>Other Facilities</b>										
Transportation - Mays Landing										
Square Feet	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700

Number of Schools at June 30, 2021  
 Main Campus = 1  
 Other = 1

**Source: District records, ASSA**

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

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

School Facilities	Project # (s)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Mays Landing Campus	N/A	\$ 444,857	508,468	381,405	473,708	453,382	481,470	427,027	465,837	484,235	470,205
Grand Total		\$ 444,857	508,468	381,405	473,708	453,382	481,470	427,027	465,837	484,235	470,205

**Atlantic County Special Services School District**  
**Insurance Schedule**  
**June 30, 2021**  
**Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
Property, Inland Marine & Automobile Physical Damage Limit of Liability - per occurrence	121,357,989	5,000
Extra Expense	50,000,000	
Loss of Rents	42,800	
Loss of Business Income/Tuition	46,272,506	
Valuable Papers	10,000,000	
Public Official Bonds School Business Administrator	75,000	500
Comprehensive General Liability Coverage Limit	31,000,000	
Electronic Data Processing	3,000,000	1,000
Package Policy Crime Coverage	1,000,000	1,000
Board Member Accident Limit of Liability Aggregate	100,000 500,000	
Student Accident (Compulsory) Maximum Benefit	1,000,000	
Student Accident (Catastrophic) Maximum Benefit	5,000,000	25,000
Volunteer Accident Maximum Benefit	250,000	
Boiler and Machinery	100,000,000	5,000
Automobile Liability	31,000,000	1,000
Standard Worker's Compensation & Employer's Liability Policy Workers Compensation-Coverage A Employers' Liability Agreement-Coverage B	Statutory 2,000,000	
School Board Legal Liability Coverage A Coverage B each occurrence policy period	31,000,000 100,000 300,000	5,000 5,000
Pollution Liability per occurrence policy period	1,000,000 11,000,000	25,000 75,000
Cyber Risk Liability	2,000,000	20,000

Source: District Records.

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## **Single Audit Section**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## **K-1 INDEPENDENT AUDITOR'S 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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Atlantic County Special Services School District (a component unit of the County of Atlantic), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s basic financial statements, and have issued our report thereon dated February 21, 2022.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

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

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

*Leon P. Costello*

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

**February 21, 2022**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## **K-2 INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR LETTER 15-08**

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

### **Report on Compliance for Each Major State Program**

We have audited the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s compliance with the types of compliance requirements described in the Uniform Guidance and NJ OMB 15-08 that could have a direct and material effect on each of the Atlantic County Special Services School District (a component unit of the County of Atlantic)'s major state programs for the year ended June 30, 2021. The Atlantic County Special Services School District (a component unit of the County of Atlantic)'s major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major State Program***

In our opinion, the Atlantic County Special Services School District (a component unit of the County of Atlantic) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

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

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

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

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

Very truly yours,

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

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

February 21, 2022

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**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
 (A Component Unit of the County of Atlantic)  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2021**

Federal Agency/Pass-Through/Grantor/ Program Title	Federal Award Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2020	Complier Amount	Cash Received	Budgetary Expenditures			Adjustment	Repayment of Prior Years Balances	(Accounts Receivable)	Balance at June 30, 2021
									Pass Through	Source	Direct				
<b>U.S. Department of Agriculture</b>															
<b>Pass-Through State Department of Education:</b>															
Enterprise Fund:															
Food Distribution Program	10.535	211NUSAN1089	NA	7/1/20 - 6/30/21	26,648	-	26,648	26,648	(26,648)	-	-	-	-	(6,147)	-
National School Lunch Program	10.535	211NUSAN1089	NA	7/1/20 - 6/30/21	104,487	-	81,543	104,487	(104,487)	-	-	-	-	(28,935)	-
Emergency Operational Cost Program - Schools	10.535	20221H70341	NA	7/1/20 - 6/30/21	26,935	-	26,935	(26,935)	(614)	-	-	-	-	(614)	-
P-EBT Administrative Cost Reimbursement	10.649	20221S90941	NA	7/1/20 - 6/30/21	614	-	614	(614)	-	-	-	-	-	-	-
Total U.S. Department of Agriculture							162,241	(208,881)						(44,640)	
<b>U.S. Department of Education</b>															
<b>Pass-Through State Department of Education:</b>															
General Fund:															
Special Education Medicaid Aid	93.778	2105NUSMAP	NA	7/1/20 - 6/30/21	181,816	-	181,816	(181,816)							
Total General Fund							181,816	(181,816)							
Special Revenue Fund:															
Small Rural School Achievement Program	84.389A	S358B200300	NA	7/1/20 - 6/30/21	59,171	-	59,171	(59,171)							
Coronavirus Aid Relief, and Economic Security Act	84.425	S42ED20027	NA	3/13/20 - 9/30/22	15,000	-	15,000	(15,000)							
Total Special Revenue Fund							74,171	(74,171)							
Total Federal Financial Awards							426,228	(464,889)						(44,640)	

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



**Atlantic County Special Services School  
(A Component Unit of the County of Atlantic)  
Notes to the Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2021**

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

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

**NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$0 for the general fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

**Atlantic County Special Services School  
(A Component Unit of the County of Atlantic)  
Notes to the Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2021**

	General fund	Food service fund	Total
<b>State Assistance:</b>			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 3,008,035	5,139	3,013,174
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			-
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	\$ 3,008,035	5,139	3,013,174



**Atlantic County Special Services School  
(A Component Unit of the County of Atlantic)  
Notes to the Schedules of Expenditures of Awards and Financial Assistance  
June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
<b>Federal Assistance:</b>				
Actual amounts (budgetary)				
"revenues" from the Schedule of Expenditures of Federal Awards	\$ 181,816	74,171	208,881	464,868
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.				-
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>\$ 181,816</u>	<u>74,171</u>	<u>208,881</u>	<u>464,868</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2021. For the Single Audit Determination, the State of New Jersey Department of Education requires the TPAF Pension contribution be included to determine if the District exceeds the \$750,000 threshold. This amount is then excluded from the major program determination. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
(a component unit of the County of Atlantic)  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Exhibit K-6

*Part I -- Summary of Auditor's Results*

**Financial Statement Section**

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

**Federal Awards Section**

**Not Applicable**

Internal Control over major programs:			
1) Material weakness(es) identified?	_____	yes    _____	no
2) Significant deficiencies identified	_____	yes    _____	none reported
Type of auditor's report on compliance for major programs	_____		
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	_____	yes    _____	no

Identification of major programs:

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

Dollar threshold used to determine Type A programs:	_____		
Auditee qualified as low-risk auditee?	_____	yes    _____	no

**EGG HARBOR TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part I -- Summary of Auditor's Results*

**State Awards Section**

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ yes   X   no

2) Significant deficiencies identified \_\_\_\_\_ yes   X   none reported

Type of auditor's report on compliance for major programs

\_\_\_\_\_ Unmodified \_\_\_\_\_

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

\_\_\_\_\_ yes   X   no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>21-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contributions</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

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

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

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
(A COMPONENT UNIT OF THE COUNTY OF ATLANTIC)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

***Part 2 -- Schedule of Financial Statement Findings***

None

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

None

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

None

**STATUS OF PRIOR YEAR FINDINGS**

None