

**SCHOOL DISTRICT  
OF  
SALEM COUNTY SPECIAL SERVICES**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

of the

**Salem County Special Services Board of Education**

**Salem County, New Jersey**

**For the Fiscal Year Ended June 30, 2023**

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**of the**

**Salem County Special Services Board of Education  
Salem County, New Jersey**

**For the Fiscal Year Ended June 30, 2023**

**Prepared by**

**Frank Maurer**

**School Business Administrator/Board Secretary**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
OF THE SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

<u>Exhibit</u>	<u>Page</u>
Letter of Transmittal	1 - 4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7

**FINANCIAL SECTION**

<b>Independent Auditor's Report</b>	8 – 10a
<b>Required Supplementary Information – Part I Management's Discussion and Analysis (Unaudited)</b>	11 - 19

**Basic Financial Statements**

A.	District-wide Financial Statements:	
	A-1 Statement of Net Position	20
	A-2 Statement of Activities	21
B.	Fund Financial Statements:	
	Governmental Funds:	
	B-1 Balance Sheet	22
	B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	23
	B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
	Proprietary Funds:	
	B-4 Statement of Net Position	25
	B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	26
	B-6 Statement of Cash Flows	27
	Fiduciary Funds:	
	B-7 Statement of Fiduciary Net Position	28
	B-8 Statement of Changes in Fiduciary Net Position	29
	<b>Notes to the Financial Statements</b>	30-58
	<b>Not Used</b>	59
	<b>Required Supplementary Information – Part II</b>	
C.	Budgetary Comparison Schedules (Unaudited):	
	C-1 Budgetary Comparison Schedule – General Fund	60-64
	C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual ( <b>if applicable</b> )	N/A
	C-2 Budgetary Comparison Schedule – Special Revenue Fund	65
	<b>Notes to the Required Supplementary Information – Part II</b>	
	C-3 Budget-to-GAAP Reconciliation	66

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
OF THE SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
TABLE OF CONTENTS**

**FINANCIAL SECTION (Continued)**

<u>Exhibit</u>	<u>Page</u>
<b>Required Supplementary Information – Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – PERS	67
L-2 Schedule of District Contributions – PERS	68
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability – TPAF	69
M. Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	70
<b>Other Supplementary Information</b>	
D. School Based Budget Schedules (if applicable):	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	71
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis Budgetary Basis	N/A N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	N/A
F-2(a) Schedules(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	N/A

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
OF THE SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
TABLE OF CONTENTS**

**Other Supplementary Information (Continued)**

<u>Exhibit</u>	<u>Page</u>
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	72
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	73-74
G-3 Combining Schedule of Cash Flows	75
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	N/A
H-2 Combining Statement of Changes in Fiduciary Net Position	N/A
<b>Not Used</b>	<b>76-77</b>
I. Long-Term Debt:	
I-1 Statement of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	78
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

**STATISTICAL SECTION (Unaudited)**

**Financial Trends Information/Schedules**

J-1 Net Position by Component	79
J-2 Changes in Net Position	80
J-3 Fund Balances - Governmental Funds	81
J-4 Changes in Fund Balances, Governmental Funds	82
J-5 General Fund Other Local Revenue By Source	83

**Revenue Capacity Information**

J-6 Assessed Value and Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers	N/A
J-9 Property Tax Levies and Collections	N/A

**Debt Capacity Information**

J-10 Ratios of Outstanding Debt by Type	N/A
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Direct and Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
OF THE SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
TABLE OF CONTENTS**

<u>Exhibit</u>	<u>Page</u>
<b>STATISTICAL SECTION (Unaudited) (Continued)</b>	
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	84
J-15 Principal Employers	N/A
<b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	85
J-17 Operating Statistics	86
J-18 School Building Information	87
J-19 Schedule of Allowable Maintenance Expenditures by School Facility	88
J-20 Insurance Schedule	89
<b>SINGLE AUDIT SECTION</b>	
K-1 Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	90-91
K-2 Report on Compliance with Requirements Applicable to Each Major Program Report on Internal Control Over Compliance in Accordance with New Jersey OMB Treasury Circular 15-08	92-94
K-3 Schedule of Expenditures of Federal Awards, Schedule A	95
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	96
K-5 Notes to the Schedules of Awards and Financial Assistance	97-98
K-6 Schedule of Findings and Questioned Costs- Summary of Auditor's Results	99-100
K-6 Schedule of Findings and Questioned Costs - Financial Statement Federal Awards and State Financial Assistance	101-102
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	103

## **INTRODUCTORY SECTION**

# SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**John R. Swain**

Superintendent

Phone (856)769-0101 Fax (856) 769-3602

**Frank H. Maurer III**

Business Administrator

Phone (856) 358-7091 ext. 4313 Fax (856) 358-6748

December 5, 2023

Honorable President and  
Members of the Board of Education  
Salem County Special Services School District  
PO Box 126  
Woodstown, New Jersey 08098

The annual comprehensive financial report of the Salem County Special Services School District for the fiscal year ended June 30, 2023, 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 final position and results of operations of the various funds and the 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 annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit information. 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 and schedules, 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 Title 2 CFR 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" 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 internal control and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

- 1. REPORTING ENTITY AND ITS SERVICES:** Salem County Special Services School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Salem County Special Services Board of Education and all its schools constitutes the District's reporting entity.

The District provides a full range of special educational services for children from birth to age 21. The following programs during the 2022-2023 school year included, alternative high and middle schools, behavior disabilities, transitional career programs, Pre-school, multiply-disabilities, cognitive, autistic, and deaf and hearing impaired. The following details the changes in the student enrollment of the last five years. This includes a increase in students in the 2022-23 school year.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2022-23	198	8.20%
2021-22	183	-9.85%
2020-21	203	13.64%
2019-20	178	0.41%
2018-19	231	-4.37%
2017-18	252	-4.18%

2. **ECONOMIC CONDITION AND OUTLOOK:** The Salem County Special Services School District is located in a beautiful rural and agricultural county in southwestern New Jersey and conveniently located near Wilmington, Delaware and Philadelphia, Pennsylvania. The county is home to many small businesses, farms, and some industry. Major employers are PSEG, Dupont, the hospitals, County Government and the school districts. The county is rich in historical and cultural heritage. It is a small county with approximately 65,400 residents. Because of its small size, the need for community-based services is great. Opportunity abounds for creating such services, especially for the under age 18 populations, which comprises approximately 26 percent of the populations. The District has also expanded to serve neighboring Cumberland County, which is larger and much more populous. There are unlimited opportunities to serve the communities and school districts of Cumberland County. Even with its larger size and much greater student populations, Cumberland County has neither a special services school district nor an educational services commission. Therefore, the District is uniquely positioned to foster collaborative relationships with the school districts of that county. The district no longer receives support from the Commissioners of both counties.
  
3. **MAJOR INITIATIVES:** The mission of the Salem County special services school district is to provide a thorough and efficient education for students with mild to severe disabilities. It is currently a regional educational service agency that provides high-quality and cost-effective programs and services to the schools and districts of Salem and Cumberland Counties. Services have expanded to other counties for educational services as well as enterprise services. The on-going mission is accomplished through the efforts of administrators and staff who are dedicated to meeting the cognitive, emotional, and social needs of each student, and to seeing that each student reaches their fullest potential. In addition, Salem County Special Services School District embraces the concept of shared services for the purpose of maximizing efficiencies and minimizing cost. Among current services provided through a series of inter-local agreement our child study teams, related services, business administrator/board secretary, and the superintendent. Finally, the Salem County special services school district continuously monitors the emergent needs of districts in and around Salem and Cumberland County and provides leadership and strategies to address those needs in a manner consistent with the goals and objectives of the entire regional educational community. 2021-2022 saw the District continue to work towards financial responsibility by continuing to work at saving financial resources through continued internal auditing of programs and the resources (such as aide support) to reduce District cost and yet maintain programmatic stability within the District.

The District also reduced cost by closing the Alternative School program. Enrollment for that program saw a steady decline to the point it was fiscally irresponsible to continue the program. Each of the buildings were assessed for energy efficiencies to look for potential savings that could be incorporated into existing structures.

The 2022-2023 school year continues the addition of food service provided through a shared arrangement with the Salem County Vocational District for the Cumberland, Daretown and the NJ Regional Day School at Mannington. The Special Services School District was approved as a CEP district again for the 2022-2023 School year.

Child study team and related services continue to explore different business models to remain competitive and provide quality service to the District they serve. It is hope that this new approach continues to allow for growth in the future. The model that has been working successfully is the FTE model when billing. Districts that need services are billed for an FTE based off a flat rate to cover expenses for those programs.

The District continues to implement transportation for all curriculum in action trips in house to reduce the cost to the District. Additionally, the District is continuing to provide transportation to Salem County Vocational District for most of their curriculum in action trips and sporting events during the 2022-2023 school year. The addition of the BRIDGE program transportation for Salem County Vocational Technical School District also has net the Vocational District a costs savings.

In closing, Salem County Special Services appears to be stable. The District will be continuing to monitor and evaluate programs in the future to ensure viability and financial responsibility.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining internal control 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 the generally accepted accounting principles (GAAP). Internal control 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 judgements by 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. This internal control process is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards 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; there is no debt service fund. The final budget amount as amended for fiscal year 2022 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 cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2022.

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 Financial Statements", Note 2.
7. **CASH MANAGEMENT:** The investment procedure of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents and fidelity bonds.
9. **OTHER INFORMATION:Independent Audit -** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.
10. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Salem County Special Services District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby continuing their full support to the development and maintenance of our financial operation. The presentation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

*John R. Swain*

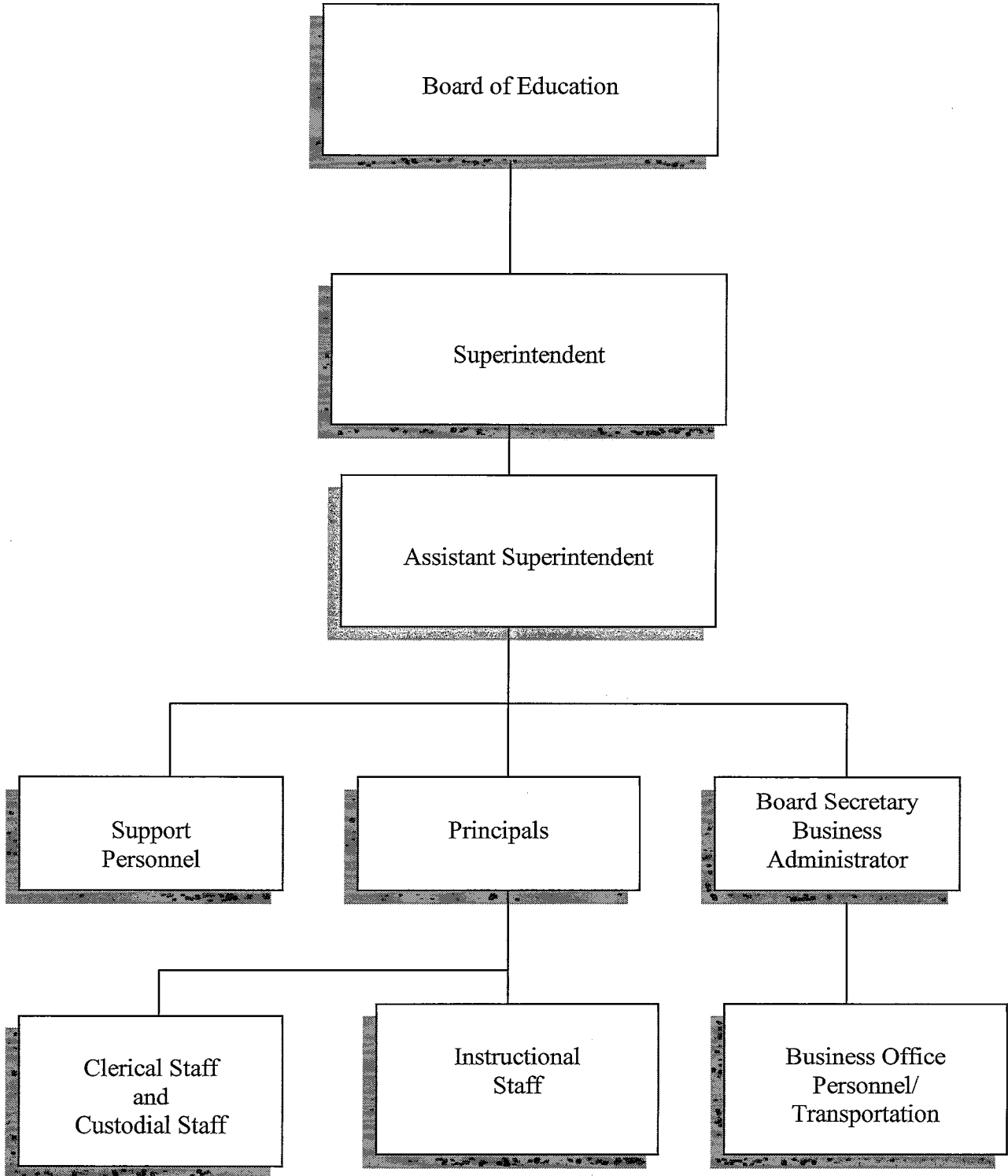
John R. Swain  
Superintendent of Schools

*Frank H. Maurer*

Frank H. Maurer, III  
Business Administrator

# SALEM COUNTY SPECIAL SERVICES BOARD OF EDUCATION

## Organizational Chart (Unit Control)



**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**SALEM COUNTY, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2022**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
Linwood Donelson, President	2024
Earl Ransome, Vice President	2022
James Davis	2023
Daryl Halter	2023
Patricia Bomba	2024
Julie Smith	2024
Margaret Nicolosi - Executive County Superintendent of Schools	
<b><u>OTHER OFFICIALS</u></b>	<b><u>Surety Bonds</u></b>
John R. Swain, Superintendent	
Frank H. Maurer, III, Board Secretary/Business Administrator	\$155,000

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**SALEM COUNTY, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

**ARCHITECT**

Garrison Architects  
14000F Commerce Parkway  
Mount Laurel, New Jersey 08054

**AUDIT FIRM**

Raymond Colavita, CPA, RMA  
Nightlinger, Colavita and Volpa, P.A.  
P.O. Box 799  
Williamstown, New Jersey 08094

**ATTORNEY**

Mark G. Toscano  
Comegno Law Group, P.C.  
521 Pleasant Valley Ave.  
Moorestown, NJ 08057

**INSURANCE AGENT**

Conner Strong & Buckelew  
P.O. Box 358  
Bridgeton, New Jersey 08302

**OFFICIAL DEPOSITORY**

Fulton Bank  
450 Bridgeton Pike  
Mantua, New Jersey 08051

**FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

(856) 629-3111  
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## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and  
Members of the Board of Education  
Salem County Special Services School District  
County of Salem, New Jersey 08098

### **Opinions**

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 Board of Education of the Salem County Special Services School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Salem County Special Services School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Salem County Special Services Board of Education in the County of Salem, State of New Jersey, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board of Education of the Salem County Special Services School District in the County of Salem, State of New Jersey, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Education of the Salem County Special Services School District in the County of Salem, State of New Jersey's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Salem County Special Services School District in the County of Salem, State of New Jersey's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Education of Salem County Special Services School District in the County of Salem, State of New Jersey's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability, schedule of the School District's pension contributions, and schedule of changes in the School District's total OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements.. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

## **Other Information**

Management is responsible for the other information included in the annual report, as required by the Office of School Finance, Department of Education, State of New Jersey. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

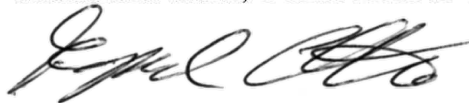
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023 on our consideration of the Salem County Special Services Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the effectiveness of the Salem County Special Services Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Salem County Special Services School District's internal control over financial reporting and compliance.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915  
December 5, 2023

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SALEM COUNTY SPECIAL SERVICES

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

UNAUDITED

The discussion and analysis of Salem County Special Services School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance. The Salem County Special Services District is considered a Component Unit of Salem County.

**Financial Highlights**

Key financial highlights for 2023 are as follows:

- ❖ General revenues accounted for \$7,381,116 in revenue, before transfers of \$58,792 or 41% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$10,563,244 or 59% percent to total revenues of \$17,944,360.
- ❖ Net position of governmental activities increased by \$966,359 from operations.
- ❖ The School District had \$16,773,434 in expenses. Of these expenses, \$10,563,244 was offset by program specific charges for services, grants or contributions. General revenues (primarily tuition charges) were adequate to provide for these programs.
- ❖ The General Fund had \$9,942,236 in revenues, \$9,296,207 in expenditures. The General Fund balance increased by \$587,237 over 2022, which also includes a cancellation of prior year accounts receivable of \$58,792.

**Using this Annual Comprehensive Financial Report (ACFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Salem County Special Services School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Salem County Special Services School District, the General Fund is the most significant fund.

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the current laws and regulations in New Jersey regarding special education, facility condition and availability, sending districts' need for varied programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❖ **Governmental activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund along with the Shared Services enterprise fund is reported as business activities.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District's major (all) funds begins on page 22. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. Salem County Special Services School District is unique because in addition to the major governmental funds of the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund there is a series of Enterprise funds entitled Shared Services

### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a comparative summary of the School District's Net Position for the years ended 2023 and 2022.

**Table 1  
Net Position**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 4,475,574	\$ 3,513,845
Receivables, Net	625,686	845,997
Inventory	1,144	2,862
Capital Assets, Net	4,305,258	4,279,209
	<u>9,407,662</u>	<u>8,641,913</u>
<b>Deferred Outflows of Resources</b>	<u>1,185,235</u>	<u>1,363,332</u>
<b>Liabilities</b>		
Other Liabilities	1,170,483	1,192,938
Long-term Liabilities	6,208,112	5,310,833
	<u>7,378,595</u>	<u>6,503,771</u>
<b>Deferred Outflows of Resources</b>	<u>1,900,831</u>	<u>3,381,104</u>
<b>Net Position</b>		
Invested in capital assets, net of debt	4,247,471	4,172,365
Restricted	169,201	133,749
Unrestricted (Deficit)	(3,103,201)	(4,185,744)
	<u>(3,103,201)</u>	<u>(4,185,744)</u>
<b>Total Net Position</b>	<u>\$ 1,313,471</u>	<u>\$ 120,370</u>

Table 2 shows the changes in Net Position from fiscal years 2023 and 2022.

**Table 2 - Changes in Net Position**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Programs revenues		
Charges for services	\$ 9,296,944	\$ 8,286,909
Operating grants and contributions	1,266,300	1,253,698
General Revenues		
County taxes		
Federal, State and Local Aid Not Restricted	320,256	3,146,656
Tuition	7,030,313	5,744,875
Other	30,547	68,659
Total Revenues	<u>17,944,360</u>	<u>18,500,797</u>
<b>Program Expenses</b>		
Instruction	1,771,703	2,567,273
Support Services		
Pupils and instructional staff	1,230,862	1,120,036
General administration, school administration, business	1,307,278	1,291,780
Operations and Maintenance of Facilities	661,716	601,816
Pupil Transportation	38,231	22,276
Employee Benefits	2,111,201	3,147,515
Enterprise Funds		
Food Service	137,321	182,498
Other Shared Service Funds	9,166,735	9,044,732
Other	267,420	308,787
Total Expenses	<u>16,692,467</u>	<u>18,286,713</u>
Less:		
Transfers	(58,792)	
	<u>(58,792)</u>	
Increase (Decrease) in Net Position	<u>\$ 1,193,101</u>	<u>\$ 214,084</u>

**Governmental Activities**

As a special services school district, the budget is approved by the Salem County Freeholders. Of the \$17,944,360 in total revenues, \$10,563,244 was from program revenues and \$7,381,116 was from general revenues. Net Governmental Expenditures were \$6,274,998. Tuition charges accounted for 95% of total governmental activity revenue while Federal, State, and Local aid not restricted account for 4% and Miscellaneous revenue accounted for 1%.

The total cost of all Governmental activities was \$7,388,411. This amount is offset by program revenues of \$1,113,413 for a net total expense of \$6,274,998. Instruction costs of \$1,771,703 comprised 23.7% of District Governmental Activity expenses. Student support costs were \$1,230,862 or 16.5%, administration costs were \$1,307,278 or 17.5%, plant operation costs were \$661,716 or 9.9%, transportation costs were \$38,231 or 0.5%, Employee benefits of \$2,111,201 or 28.3% and depreciation of \$267,420 represents 3.6%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden assumed.

**Table 3**

	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
Instruction	\$ 1,771,703	\$ 1,771,703	\$ 2,567,273	\$ 2,567,273
Support Services				
Pupils and Instructional Staff	1,230,862	1,224,494	1,120,036	1,109,721
General Administration, School Administration, Business	1,307,278	1,237,558	1,291,780	1,130,874
Operation and Maintenance	661,716	661,716	601,816	601,816
Pupil Transportation	38,231	38,231	22,276	22,276
Employee Benefit Costs	2,111,201	1,073,876	3,147,515	2,223,556
Other	267,420	267,420	308,787	308,787
	<u>\$ 7,388,411</u>	<u>\$ 6,274,998</u>	<u>\$ 9,059,483</u>	<u>\$ 7,964,303</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development, and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities include expenses related to student activities provided by the School district which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

### Business-Type Activities

Revenues for the District’s business-type activities (food service program and other enterprises) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service revenues exceeded expenses by \$30,680, while combined other enterprise fund revenues exceeded expenses by \$115,095.
- ❖ Federal and state reimbursements for free and reduced meals were \$159,255.
- ❖ Charges for food services were \$8,746 or 5.2% of total food service revenue. This represents amount paid by patrons for daily food services.
- ❖ Revenue for other enterprises was \$9,281,830 consisting of \$1,020,568 in N.J. Dept. of Human Services fees, \$2,927,747 in tuition and \$5,333,515 in services provided other LEA’s.

### The School District’s Funds

Information about the School District’s major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund and capital projects fund presented in the fund-based statements) had total revenues of \$10,053,776 and expenditures of \$9,372,295. The net positive/negative change in General fund balance for the year was an increase of \$587,237. This increase shows that the School District was able to meet current operating costs. The District may have the need for additional funds in the near future.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2023, and the amount and percentage of increases in relation to prior year revenues.

Table 4

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2022</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 7,067,228	70.3%	\$ (378,691)	-5.1%
Federal Sources	93,516	0.9%	(67,390)	-41.9%
State Sources	2,893,032	28.8%	(92,718)	-3.1%
<b>Total</b>	<b>\$ 10,053,776</b>	<b>100.0%</b>	<b>\$ (538,799)</b>	<b>-5.1%</b>

The increase in Local Sources is attributed to various increases and decreases but mainly in tuition.

The following schedule presents a summary of general fund and special revenue fund for the fiscal year ended June 30, 2023.

Table 5

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/ (Decrease) from 2022</b>	<b>Percent Increase (Decrease)</b>
Current:				
Instruction	\$ 1,771,703	18.9%	\$ (795,570)	-31.0%
Undistributed expenditures	7,579,383	80.9%	(184,675)	-2.4%
Capital Outlay	21,209	0.2%	21,209	0.0%
Total	\$ 9,372,295	100.0%	\$ (959,036)	-9.3%

The decrease in Instruction is attributed to the variances in salaries of teachers and related benefit costs, along with other line item changes.

The decrease in undistributed expenditures is attributed to decreases in employee benefits of \$377,768, and general administrative expenses of \$102,847, and school administrative expenses of \$70,093, offset by increases in student and instruction related services of \$110,826, plant operations and maintenance of \$50,814, central services of \$186,358, transportation costs of \$15,955, and administrative information tech services of \$2,080.

Capital Outlay Expenditures increased by \$21,209 over 2022.

### General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2023, the School District amended its General Fund budget as needed. The School District uses program based budgeting and these budgeting systems are designed to tightly control total program budgets while providing flexibility for program management in the following areas.

- ❖ Staffing changes based on student needs.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the District's final general fund budget anticipated that revenues (including fund balance appropriated) would equal expenditures, the actual results for the year show an increase of \$587,237.

For the General Fund, the original revenue amount budgeted on Exhibit C-1 was \$9,839,963, made up of \$9,829,463 in tuition from LEA's and \$10,500 in miscellaneous revenue. There were no adjustments.

Actual revenue was \$7,049,204, excluding \$2,893,032 in On-behalf TPAF Social Security Aid and TPAF On-behalf Contributions state aid. Therefore, revenues were \$2,790,759 less than budgeted.

The final budget basis expenditure appropriation was \$8,991,344 there was a positive variance in total expenditures totaling \$2,588,169, excluding reimbursed TPAF Social Security Aid and TPAF On-behalf Contributions of \$2,893,032.

## Capital Assets

At the end of the fiscal year 2023, the School District had \$4,196,773 invested in land, buildings, machinery and equipment, and right-to-use lease assets. Table 4 shows fiscal 2023 balances compared to 2022.

Table 6  
Capital Assets (Net of Depreciation) at June 30

	<u>2023</u>	<u>2022</u>
Land	\$ 50,000	\$ 50,000
Land Improvements	108,620	120,252
Building and Improvements	3,536,807	3,731,327
Machinery and Equipment	474,724	202,979
Right-to-Use Lease Assets	26,622	43,635
	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 4,196,773</u>	<u>\$ 4,148,193</u>

Overall capital assets decreased by \$48,580 from fiscal year 2022. The increase is due to the addition of machinery & equipment, offset by depreciation expense of \$267,420.

## Debt Administration

As of June 30, 2023, there are capital leases outstanding in the General and the Enterprise Fund, with balances of \$294,791 and \$30,190, respectively.

## For the Future

Salem County Special Services School District continues to be in good financial condition in regard to its budget. Cash flow has improved due to the procedures and protocols put in place within the business office. Financial reporting has been addressed and is now being reported in a timely manner. The addition of a Human Resource position to aid the business office has increased efficiency, accuracy, and the ability to address issues on a timely basis.

The District continues to dedicate its concept of shared services, entering into collaborative arrangements that maximize both efficiency and effectiveness for school districts in the surrounding area. The District continues to provide shared services in the areas of child study team, related services, business services, transportation, business administrator/board secretary, assistant superintendent, and superintendent.

This year the District will be exploring the ability to provide some potentially new programming and expand the scope of programming based on needs of surrounding districts and counties. The District will be investing in an addition of a parking lot at the Daretown Campus. Numerous security upgrades at the Daretown Campus and Cumberland Campus. New outside doors at the NJ Regional Day School. The Alternative program moved to the Daretown Campus to save the rental fees as the program attempts to rebound from its low enrollment.

The District as a whole has increased its technology capabilities through incremental technology upgrades and purchases. The District has leased three school buses in order to decrease its cost in providing both educational and social outings for the students. Two of those buses will be paid off during the 2021-2022 school year. The District also operates four vans to transport students to and from Structured Learning Environments where they gain real life experiences working for local businesses during school hours. The District brought back the pre-school program to one of its' locations due to the negative financial impact on the District. The District will continue to explore options to increase efficiency, cost savings, and accuracy.

The District will continue investing in safety and security upgrades across the District such as panic buttons, vestibules, and security cameras. Additionally, the District invested in an alarm system at the Daretown Campus.

The District will be handling food service for the Daretown Campus in a shared agreement with Salem County VoTech to increase food quality and costs. This year will also provide the ability review the financial stability of the food service program being fully in house.

In closing, the Salem County Special Services School District will continue to dialogue with local districts in Salem and Cumberland counties to monitor existing programs and to determine how to best meet the emergent needs that are in alignment with the District's mission.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information please contact John R. Swain, Superintendent of Schools at Salem County Special Services Board of Education, 880 Route 45, PO Box 126 Woodstown, NJ 08098 or email [jswain@scvts.org](mailto:jswain@scvts.org).

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities.

These statements distinguish between the governmental and business-type activities of the District.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,821,341	\$ 654,233	\$ 4,475,574
Receivables, Net	93,391	532,295	625,686
Inventory		1,144	1,144
Capital Assets, Net (Note 5)	4,196,773	108,485	4,305,258
Total Assets	<u>8,111,505</u>	<u>1,296,157</u>	<u>9,407,662</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	1,185,235		1,185,235
<b>LIABILITIES</b>			
Accounts Payable	58,591		58,591
Interfund Payable		1,111,409	1,111,409
Accrued Interest Payable		483	483
Unearned Revenue			
Non-current Liabilities (Note 6):			
Due Within One Year	39,837	30,190	70,027
Due Beyond One Year	6,138,085		6,138,085
Total Liabilities	<u>6,236,513</u>	<u>1,142,082</u>	<u>7,378,595</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Inflows	1,900,831		1,900,831
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	4,169,176	78,295	4,247,471
Restricted for:			
Student Activities	69,199		69,199
Maintenance Reserve	100,002		100,002
Unrestricted (Deficit)	(3,178,981)	75,780	(3,103,201)
Total Net Position	<u>\$ 1,159,396</u>	<u>\$ 154,075</u>	<u>\$ 1,313,471</u>

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

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:						
Instruction:						
Special Education	\$ 1,771,703	\$	\$	\$ (1,771,703)		\$ (1,771,703)
Support Services:						
Student & Instruction Related Services	1,230,862	6,368		(1,224,494)		(1,224,494)
General and Business Admin Services	308,375		69,720	(238,655)		(238,655)
School Administrative Services	324,058			(324,058)		(324,058)
Central Services	582,616			(582,616)		(582,616)
Administrative Info Tech. Services	92,229			(92,229)		(92,229)
Plant Operations and Maintenance	661,716			(661,716)		(661,716)
Pupil Transportation	38,231			(38,231)		(38,231)
Employee Benefits	2,111,201		1,037,325	(1,073,876)		(1,073,876)
Unallocated Depreciation and Amortization	267,420			(267,420)		(267,420)
Total Governmental Activities	7,388,411	6,368	1,107,045	(6,274,998)		(6,274,998)
Business-type Activities:						
Food Service	137,321	8,746	159,255		30,680	30,680
Other Enterprise	9,166,735	9,281,830			115,095	115,095
Total Business-type Activities	9,304,056	9,290,576	159,255		145,775	145,775
Total Primary Government	\$ 16,692,467	\$ 9,296,944	\$ 1,266,300	(6,274,998)	145,775	(6,129,223)
General Revenues:						
Federal, State and Local Aid Not Restricted				320,256		320,256
Tuition				7,030,313		7,030,313
Miscellaneous Income				30,547		30,547
Special Items:						
Transfer				(58,792)		(58,792)
Total General Revenues, Special Items, Extraordinary Items and Transfers				7,322,324		7,322,324
Change in Net Position				1,047,326	145,775	1,193,101
Net Position—Beginning (Deficit)				112,070	8,300	120,370
Net Position—Ending				\$ 1,159,396	\$ 154,075	\$ 1,313,471

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

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

**GOVERNMENTAL FUNDS**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,605,781	\$ 104,151	\$ 2,709,932
Interfunds Receivable	1,146,361		1,146,361
Accounts Receivable - State	32,248		32,248
Intergovernmental Accounts Receivable	61,143		61,143
	<hr/>	<hr/>	<hr/>
Total Assets	3,845,533	104,151	3,949,684
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable			
Payroll Deductions Payable	20,860		20,860
Flexible Spending	37,731		37,731
Interfunds Payable		34,952	34,952
	<hr/>	<hr/>	<hr/>
Total Liabilities	58,591	34,952	93,543
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Restricted For:			
Maintenance Reserve	100,002		100,002
Student Activities		69,199	69,199
Assigned:			
Encumbrances	128,740		128,740
Unassigned - General Fund	3,558,200		3,558,200
	<hr/>	<hr/>	<hr/>
Total Fund Balances	3,786,942	69,199	3,856,141
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 3,845,533	\$ 104,151	
	<hr/> <hr/>	<hr/> <hr/>	

Amounts reported for *governmental activities* in the Statement of Net Position (A-1) are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$10,962,112 and the accumulated depreciation is \$6,846,306 (Note 5).

4,196,773

Deferred Outflow of Resources - Deferred Pension Contribution.

1,185,235

Deferred Inflows of Resources - Pension Actuarial Gains.

(1,900,831)

Long Term Net Pension Liability

(5,591,400)

Long-term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).

(586,522)

Net Position of Governmental Activities

\$ 1,159,396

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

**BALANCE SHEET**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local sources:			
Tuition Charges	\$ 7,030,313	\$	\$ 7,030,313
Miscellaneous	18,891		18,891
Local Sources		18,024	18,024
Total - Local Sources	<u>7,049,204</u>	<u>18,024</u>	<u>7,067,228</u>
Other Sources:			
Federal Sources		93,516	93,516
State Sources	2,893,032		2,893,032
Total Revenues	<u>9,942,236</u>	<u>111,540</u>	<u>10,053,776</u>
<b>EXPENDITURES</b>			
Current:			
Special Education Instruction	1,771,703		1,771,703
Support Services:			
Student & Instruction Related Services	1,224,494	6,368	1,230,862
General Administrative Expenses	238,655	69,720	308,375
School Administrative Expenses	324,058		324,058
Central Services	582,616		582,616
Administrative Information Tech Serv.	92,229		92,229
Plant Operations and Maintenance	681,933		681,933
Pupil Transportation	38,231		38,231
Employee Benefits	4,321,079		4,321,079
Capital Outlay	21,209		21,209
Total Expenditures	<u>9,296,207</u>	<u>76,088</u>	<u>9,372,295</u>
Excess (Deficiency) of Revenues over Expenditures	<u>646,029</u>	<u>35,452</u>	<u>681,481</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Cancellation of Prior Year Accounts Receivable	(58,792)		(58,792)
Total Other Financing Sources and Uses	<u>(58,792)</u>		<u>(58,792)</u>
Net Change in Fund Balances	<u>587,237</u>	<u>35,452</u>	<u>622,689</u>
Fund Balance—July 1	<u>3,199,705</u>	<u>33,747</u>	<u>3,233,452</u>
Fund Balance—June 30	<u>\$ 3,786,942</u>	<u>\$ 69,199</u>	<u>\$ 3,856,141</u>

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

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>Total Net Change in Fund Balances - Governmental Funds (from B-2)</b>	<b>\$ 622,689</b>
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:	
In the Statement of Activities, Compensated Absences represent an operating expense measured by the additional amount or decreased amount earned during the year. In the governmental funds, expenditures are based on the amount of resources used and paid.	(126,332)
Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.	776,963
Proceeds from a capital lease are considered a financing source in the governmental funds. They are not, however, a revenue in the Statement of Activities, whereby issuing debt increases long-term liabilities in the Statement of Net Position.	(316,000)
Repayment of right-to-use lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	20,217
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	21,209
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Capital Outlays	316,000
Depreciation expense	(267,420)
<b>Change in Net Position of Governmental Activities (A-2)</b>	<b>\$ 1,047,326</b>

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

## **PROPRIETARY FUNDS**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Other Enterprise</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 11,946	\$ 642,287	\$ 654,233
Accounts Receivable		532,295	532,295
Interfund Receivable		843,443	843,443
Inventory	1,144		1,144
Total Current Assets	<u>13,090</u>	<u>2,018,025</u>	<u>2,031,115</u>
Fixed Assets			
Equipment	48,767	382,840	431,607
Less: Depreciation	(20,015)	(303,107)	(323,122)
Total Fixed Assets	<u>28,752</u>	<u>79,733</u>	<u>108,485</u>
Total Assets	<u>41,842</u>	<u>2,097,758</u>	<u>2,139,600</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable			
Accrued Interest Payable		483	483
Interfund Payable	2,862	1,951,990	1,954,852
Non-current Liabilities			
Due Within One Year		30,190	30,190
Due Beyond One Year			
Total Current Liabilities	<u>2,862</u>	<u>1,982,663</u>	<u>1,985,525</u>
<b>NET POSITION</b>			
Restricted			
Invested in Fixed Assets	28,752	49,543	78,295
Unreserved	10,228	65,552	75,780
Total Net Position	<u>\$ 38,980</u>	<u>\$ 115,095</u>	<u>\$ 154,075</u>

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

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Business-type Activities -		
	Enterprise Fund		
	Food Service	Other Enterprise	Total Enterprise
Operating revenues:			
Charges for Services:			
Daily Sales	\$ 8,746	\$	\$ 8,746
N.J. Dept. of Human Services - Fees		1,020,568	1,020,568
Tuition		2,927,747	2,927,747
Services Provided Other LEA's		5,333,515	5,333,515
Total Operating Revenue:	8,746	9,281,830	9,290,576
Operating Expenses:			
Salaries	54,393	6,187,065	6,241,458
Employee Benefits	21,664	2,490,422	2,512,086
Purchased Professional and Technical Services		13,386	13,386
Purchased Professional /Educ services		11,662	11,662
Purchased Professional Services		5,990	5,990
Purchased Property Services		2,963	2,963
Other Purchased Services		62,721	62,721
Communications Telephone		6,723	6,723
Cleaning /Repair /Maintenance		181,046	181,046
Supplies and Materials	60,662	78,682	139,344
Travel		6,252	6,252
Transportation		2,901	2,901
Other Objects		21,375	21,375
Depreciation	602	42,983	43,585
Interest Expense		2,088	2,088
Utilities		50,476	50,476
Total Operating Expenses	137,321	9,166,735	9,304,056
Operating Income (Loss)	(128,575)	115,095	(13,480)
Non-operating Revenues (Expenses):			
State Sources:			
State School Breakfast Program	2,224		2,224
State School Lunch Program	1,874		1,874
Federal Sources:			
National School Breakfast Program	39,854		39,854
National School Lunch Program	78,709		78,709
SFSP - Summer Food	3,236		3,236
SFSP - Summer Food Admin	323		323
Food Distribution Program	9,393		9,393
Supply Chain Assistance	23,642		23,642
Total Non-operating Revenues (Expenses)	159,255		159,255
Income (Loss) Before Contributions & Transfers	30,680	115,095	145,775
Transfers			
Change in Net Position	30,680	115,095	145,775
Total Net Position — Beginning	8,300		8,300
Total Net Position — Ending	\$ 38,980	\$ 115,095	\$ 154,075

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

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Business-type Activities - Enterprise Funds		
	Food Service	Other Enterprise	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 8,746	\$ 9,478,679	\$ 9,487,425
Payments to Employees	(54,393)	(6,187,065)	(6,241,458)
Payments for Employee Benefits	(21,664)	(2,490,422)	(2,512,086)
Payments to Suppliers	(58,944)	(475,773)	(534,717)
Net Cash Provided by (Used for) Operating Activities	(126,255)	325,419	199,164
Cash from (Used for) Operating Activities- Transfers to the General Fund			
Total Cash Provided by (Used for) Operating Activities	(126,255)	325,419	199,164
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	4,098		4,098
Federal Sources	155,157		155,157
Net Cash Provided by (Used for) Non-capital Financing Activities	159,255		159,255
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Capital Assets	(21,054)		(21,054)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(21,054)		(21,054)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and Dividends			
Net Cash Provided by (Used for) Investing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	11,946	325,419	337,365
Balances—Beginning of Year		316,868	316,868
Balances—End of Year	\$ 11,946	\$ 642,287	\$ 654,233
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating Income (Loss)	\$ (128,575)	\$ 115,095	\$ (13,480)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	602	42,983	43,585
Capital Lease Principle		(28,840)	(28,840)
(Increase) Decrease in Accounts Receivable		196,849	196,849
(Increase) Decrease in Interfund Receivable		(159,417)	(159,417)
(Increase) Decrease in Inventory	1,718		1,718
Increase (Decrease) in Accounts Payable			
Increase (Decrease) in Interfund Payable		159,417	159,417
Increase (Decrease) in Accrued Interest Payable		(668)	(668)
Total Adjustments	2,320	210,324	212,644
Net Cash Provided by (Used for) Operating Activities	\$ (126,255)	\$ 325,419	\$ 199,164

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

**FIDUCIARY FUNDS**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2023**

	<u>Memorial Expendable Trust</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,106
Total Assets	<u>1,106</u>
<b>LIABILITIES</b>	
Total Liabilities	<u>\$</u>
<b>NET POSITION</b>	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 1,106</u>

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

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Memorial Expendable Trust</b>
<b>ADDITIONS</b>	
Contributions:	
Plan member	
Interest Income	\$
Total additions	<hr/>
<b>DEDUCTIONS</b>	
Withdrawals from Investments	
Total Deductions	<hr/>
Change in Net Position	
Net Position—Beginning of the Year	1,106
Net Position—End of the Year	\$ 1,106

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

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**A. Reporting Entity:**

The Salem County Special Services School District is a Type I district located in the County of Salem, State of New Jersey. As a Type I district, the School District 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 purpose of the district is to educate special needs students in Salem County. The enrollment at June 30, 2023 was 195 students.

The Agency is considered to be a "Component Unit" of the County of Salem under GAAP. This determination is based on the oversight responsibility of the County, which manifests itself primarily in the selection of District Board members, the accountability on fiscal matters, the approval for debt authorizations and the determination of county tax provided by the county. 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.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**New Accounting Standards:**

Accounting standards that the School District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 96 – Subscription-Based Information Technology Arrangements was effective after June 15, 2022 and was considered by Management.
- GASB Statement No. 99 - *Omnibus 2022*: The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Management is evaluating the potential impact of the adoption of GASB 99 on the School District's financial statements.
- GASB Statement No. 100 - *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62*: The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Management is evaluating the potential impact of the adoption of GASB 100 on the School District's financial statements.
- GASB Statement No. 101 - *Compensated Absences*: The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management is evaluating the potential impact of the adoption of GASB 101 on the School District's financial statements.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**A. Basis of Presentation**

The District's basic financial statements consist of District-wide statements, including a statement of Net Position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

The District's financial reporting consist of a Management's Discussion and Analysis (MD&A) providing an analysis of the District's over-all financial position and results of operations, as well as Basic financial statements prepared using full-accrual accounting for all of the District's activities.

District-wide Statements: The statement of Net Position and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The statement of Net Position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses-expenses of the District related to the administration and support of the District's programs, such as personnel and accounting-are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based

upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting**

**GOVERNMENTAL FUND TYPE**

The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The district reports the following major governmental funds:

**General Fund** - The 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. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

As a result of implementing GASB Statement No. 84, Fiduciary Activities, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

As a result of implementing GASB Statement No. 84, Fiduciary Activities, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - As the district is a Type I district, all bonded debt is the direct obligation of the Board of Chosen Freeholders of the County of Salem.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

**PROPRIETARY FUND TYPE**

The focus of Proprietary Fund measurement is upon determination of net income, 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:

**Enterprise (Food Service) Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Funds are comprised of Food Service, Related Services, Child Study, One on One Aides, Non-public Services, Early Intervention and the Regional Day School.

These enterprise funds accounts for all revenues and expenses pertaining to their operations in a manner similar to private business enterprises. The stated intent is that the cost (Statement G-2) of providing services to students on a continuing basis is financed or recovered primarily through lesson charges.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund Equipment	12 Years
-----------------------------	----------

**Internal Service Fund** - The Internal Service Funds account for all revenue and expenditures pertaining to goods or services provided to other local educational associations, or to other governmental units, on a cost-reimbursement basis. While the internal service funds revenues are intended to recoup expenses, they are accounted for essentially the same as private business enterprises.

The district does not maintain an internal service fund.

**FIDUCIARY FUND TYPE**

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the School District:

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

**Expendable Trust Fund** - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The district maintains one Expendable Trust Fund named the Memorial Expendable Trust Fund.

**Nonexpendable Trust Fund** - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a Nonexpendable Trust Fund.

**C. Basis of Accounting and Measurement Focus:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. 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. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Budgets/Budgetary Control (Cont'd):**

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 with the exception of the special revenue fund as noted below. 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. Schedule C-3 presents a reconciliation of the special revenue funds from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

**E. 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 unearned revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year.

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

**F. 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. The tuition adjustments related to the 2022-2023 and 2021-2022 fiscal years were computed based on the certified rates as provided by the New Jersey Department of Education and invoiced to the various sending districts. The district will recognize this adjustment in the next school year.

**G. Tuition Payable:**

Tuition charges for the fiscal years 2021-2022 and 2022-2023 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**H. Inventories and Prepaid Expenses:**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On district-wide financial statements and in the Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

**I. Short -Term Interfund Receivables/Payables:**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

**J. Assets, Liabilities and Equity:**

Transactions - Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Inventories - On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The District received \$8,925 in federal commodities during the 2022-2023 school year.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2023 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements & portable classroom	20 -50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 – 10
Computer equipment	5 – 10

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**K. Compensated Absences:**

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

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

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

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions. In the district wide-Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023, a liability existed for compensated absences in the General Fund of \$137,802 and none in the Food Service Fund.

**L. Unearned Revenue:**

Unearned revenue represents cash that has been received but not yet earned.

**M. Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**N. Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**O. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**P. Long-term Obligations:**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**Q. Other Fund Equity:**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**R. Comparative Data/Reclassifications:**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**S. Management 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 of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**T. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**U. Net position**

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

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

**V. Fund balances - Governmental Funds**

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

- Non-spendable - 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.
- 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:

When an expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When 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.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**W. Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**X. Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

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.

**Y. Lease Acquisition Costs:**

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65.

**Z. Tax assessments and property taxes:**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Z. Tax assessments and property taxes: (Cont'd)**

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

School taxes are guaranteed, as to amount of collection, by the municipality (the collection agency) and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the school district's Board of Education on an annual basis.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits: N.J.S.A. 17:9-41, et seq. require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits where the market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

Deposits In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%. All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments: New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the School does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2023, the School District's bank balance of \$3,534,780 was exposed to custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		3,284,780
		3,534,780
	\$	3,534,780

Deposits at June 30, 2023 appear in the financial statements as summarized below:

Cash		<u>\$3,364,165</u>
	Ref.	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$2,540,731
Enterprise funds, Statement of Net Position	B-4	654,233
Restricted cash		
Governmental funds, Balance Sheet	B-1	<u>169,201</u>
Total cash		<u>\$3,364,165</u>

**New Jersey Cash Management Fund** – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2023, the District had no funds on deposit with the New Jersey Cash Management Fund.

**NOTE 4. RESERVE ACCOUNTS**

**Capital Reserve** - Capital Reserve accounts may be established by New Jersey school districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A 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 Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the NJ Department of Education, a district may increase the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The District did not have a capital reserve account as of June 30, 2023.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance 7/1/2022</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance 6/30/2023</u>
<b>Governmental activities:</b>				
Capital Assets that are not being depreciated:				
Land	\$ 50,000	\$	\$	\$ 50,000
Total Capital Assets not being Depreciated	<u>50,000</u>			<u>50,000</u>
Capital Assets being Depreciated and Amortized				
Land Improvements	276,972			276,972
Building and Building Improvements	9,618,735			9,618,735
Machinery and Equipment	636,909	316,000		952,909
Right-to-Use Lease Assets	144,463		(80,967)	63,496
Totals at Historical Cost	<u>10,677,079</u>	<u>316,000</u>	<u>(80,967)</u>	<u>10,912,112</u>
Less Accumulated Depreciation and Amortization				
Land Improvements	(156,720)	(11,632)		(168,352)
Building and Improvements	(5,887,408)	(194,520)		(6,081,928)
Equipment	(433,930)	(44,255)		(478,185)
Right-to-Use Lease Assets	(100,828)	(17,013)	80,967	(36,874)
Total Accumulated Depreciation and Amortization	<u>(6,578,886)</u>	<u>(267,420)</u>	<u>80,967</u>	<u>(6,765,339)</u>
Total Capital Assets being Depreciated and Amortized, Net of Accumulated Depreciation	4,098,193	48,580		4,146,773
<b>Government activities capital assets, net</b>	<u>\$ 4,148,193</u>	<u>\$ 48,580</u>	<u>\$</u>	<u>\$ 4,196,773</u>
				<b>To A-1</b>
Depreciation expense was charged to governmental functions as follows:				
		Unallocated		<u>\$ 267,420</u>
<b>Business-Type Activities - Equipment</b>				
	\$ 410,553	\$ 21,054		\$ 431,607
Less Accumulated Depreciation for :	(279,537)	(43,585)		(323,122)
Business-Type Activities Capital Assets - Net	<u>\$ 131,016</u>	<u>\$ (22,531)</u>	<u>\$</u>	<u>\$ 108,485</u>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2023, the following changes occurred in long-term obligations:

	<u>Beginning Balance 7/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 6/30/2023</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
<b>Governmental Activities:</b>						
Other Liabilities:						
Right-to-Use Lease Liability	\$ 47,814		\$ (20,217)	\$ 27,597	\$ 15,216	\$ 12,381
Capital lease payable		\$ 316,000	(21,209)	294,791	24,621	270,170
Compensated absences payable	137,802	126,332		264,134		264,134
Net Pension Liability	5,066,187	525,213		5,591,400		5,591,400
Total Other Liabilities	<u>\$ 7,494,135</u>	<u>\$ 967,545</u>	<u>\$ (41,426)</u>	<u>\$ 6,177,922</u>	<u>\$ 39,837</u>	<u>\$ 6,138,085</u>
<b>Business-Type Activities:</b>						
Capital Lease payable:	<u>\$ 59,030</u>	<u>\$</u>	<u>\$ (28,840)</u>	<u>\$ 30,190</u>	<u>\$ 30,190</u>	<u>\$</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

**A. Bonds Payable** - The Board of Special Services is a Type I School District under New Jersey Statutes. Therefore, all bonded debt is generally accounted for and anticipated to be financed by the County of Salem.

In addition, the State of New Jersey will provide aid in the amount of 55.38% of the Debt Service on the County Bonds. The required payments by the District to the County pursuant to "A" above are subject to the availability and annual appropriation of sufficient funds required to meet the obligation.

**B. Capital Leases**

As of June 30, 2023, the District has three open capital leases for the purchase of three School Buses, one Transit Van and Fire Panels. The future minimum lease payments associated with each lease purchase are as follows:

Year Ending June 30,	Lease 1 4.68%		Lease 2 6.50%		Total
	Principal	Interest	Principal	Interest	
2024	\$ 30,190	\$ 1,413	\$ 24,621	\$ 18,436	\$ 74,660
2025			26,270	16,788	
2026			28,029	15,028	
2027			29,906	13,151	
Thereafter			185,965	32,910	
	<u>\$ 30,190</u>	<u>\$ 1,413</u>	<u>\$ 294,791</u>	<u>\$ 96,313</u>	<u>\$ 74,660</u>

**C. Right-to-Use Lease**

The School is a lessee for various copiers that are accounted for in accordance with GASB 87, whereas, the District recognizes a lease liability – right to use and an intangible right-to use lease asset in the district-wide financial statements. The intangible right-to use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date and then amortized on a straight-line basis over the life of the lease. The intangible right-to use lease asset is reported with the School's capital assets in its own category called Right-to-Use Lease Assets.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6. LONG-TERM OBLIGATIONS (CONT'D)**

**C. Right-to-Use Lease (Cont'd)**

Key estimates and judgements related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District is utilizing the treasury bill rate (corresponding to length of lease) in place at the date of implementation along with other risk factors to determine the discount interest rate for leases.

The District has determined all of their copier lease agreements qualify as right-to-use assets. As of June 30, 2023, total future minimum lease payments under right-to-use lease agreements are as follows:

Year Ending June 30	Amount
2022-23	\$ 4,462
Total	\$ 4,462

**NOTE 7. MAINTENANCE RESERVE**

New Jersey Statute 18A:7G-9 permits school districts to accumulate funds for the required maintenance of a facility in accordance with EFCFA. The balance may only be increased through an appropriation in the annual general fund budget certified for taxes. Upon completion of a school facilities projects, Districts are required to submit a plan for maintenance of that facility. As of June 30, 2023, the District's maintenance reserve balance was \$100,002.

**NOTE 8. PENSION PLANS**

**Description of Plans** - Eligible employees of the School District can be covered by Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), or Defined Contribution Retirement Program (DCRP). PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (NJDPB) and the DCRP is jointly administered by Prudential and NJDPB. The NJDPB issues publicly available financial reports that include financial statements and required supplementary information for the systems. These reports may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

**Public Employees' Retirement System**

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System (Cont'd)**

Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

**Contributions** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS member total contribution rate as of July 1, 2021 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2023 were \$166,922. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2023 is 15.98% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for each year. The District's contributions to PERS for the years ended June 30, 2023, and 2022, were \$467,222 and \$500,831 respectively.

The total payroll for the year ended June 30, 2023 was \$9,126,610. Payroll covered by PERS was \$2,226,605 for fiscal year 2023.

**Components of Net Pension Liability** - At June 30, 2023, the District's proportionate share of the PERS net pension liability was \$5,591,399. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The District's proportion measured as of June 30, 2022 was 0.037050% which was a decrease of 0.00571% from its proportion measured as of June 30, 2021.

**Pension Expense and Deferred Outflows/Inflows of Resources** - The District's 2023 PERS pension expense, with respect to GASB 68, was \$(335,981). The District's 2023 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 40,356	\$ 35,588
Changes of assumptions	17,324	837,254
Net difference between projected and actual earnings on pension plan investments	231,423	
Changes in proportion	428,910	1,027,989
Contributions subsequent to the measurement date	467,222	
<b>Total</b>	<b>\$ 1,185,235</b>	<b>\$ 1,900,831</b>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System (Cont'd)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	PERS
2023	\$ (418,286)
2024	(411,776)
2025	(411,513)
2026	66,020
2027	(7,263)
Thereafter	
Total	\$ (1,182,818)

**Additional Information** - Collective Balances at June 30, 2023 and 2022 are as follows:

Year	2023	2022
Collective deferred outflows of resources	\$ 1,185,235	\$ 1,363,332
Collective deferred inflows of resources	\$ 1,900,831	\$ 3,381,104
Collective Net Pension Liability	\$ 5,591,399	\$ 5,066,187
District's Proportion	0.037050%	0.042765%

**Actuarial Assumptions** - The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	PERS
Investment Rate of Return	7.00%
Salary Increases: (Based on Years of Service):	2.75 – 6.55%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

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 Disabled 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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System (Cont'd)**

**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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

PERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 and the nonemployer contributing entity will be based on 100% 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 all projected benefit payments to determine the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate** - The following presents the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ <u>7,244,146</u>	\$ <u>5,591,399</u>	\$ <u>4,272,499</u>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8. PENSION PLANS (CONT'D)**

**Teachers' Pension and Annuity Fund**

The State of New Jersey Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special funding situation that was established in 1955. 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.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. 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.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

**Special Funding Situation** - The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

**Contributions** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The member contribution rate was 7.5% in as of July 1, 2021. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2023 because of the 100% special funding situation with the State of New Jersey.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8. PENSION PLANS (CONT'D)**

**Teachers' Pension and Annuity Fund (Cont'd)**

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$2,031,321 to the TPAF for pension contributions, \$533,623 for post-retirement benefits on behalf of the School, and \$1,142 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$326,946 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**Components of Net Pension Liability** - At June 30, 2023, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

**Pension Expense** - For the year ended June 30, 2023, the District recognized pension expense of \$709,237 and revenue of \$709,237 for support provided by the State.

**Actuarial Assumptions** - The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b>TPAF</b>
Investment Rate of Return	7.00%
Salary Increases	
(Based on Years of Service):	2.75 – 5.65%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

**Long-Term Expected Rate of Return** - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

	<b>TPAF</b>	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
Total	100.00%	

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8. PENSION PLANS (CONT'D)**

**Teachers' Pension and Annuity Fund (Cont'd)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate** - The following presents the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
State's Share of the Net Pension Liability associated with the District	\$ 30,948,829	\$ 26,353,140	\$ 22,559,176
State's Share of the Net Pension Liability	\$ 60,591,896,759	\$ 51,676,587,303	\$ 44,166,559,329

**Defined Contribution Retirement Program (DCRP)**

**The Defined Contribution Retirement Program (DCRP)** is a multiple-employer defined contribution pension fund that was established in 2007 under the provisions of N.J.S.A 43:15C-1. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and long-term disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The following represents the individuals eligible for membership in the DCRP:

Eligibility

1. State or Local Officials who are elected or appointed on or after July 1, 2007
2. Employees enrolled in the PERS or TPAF on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits
3. Employees enrolled in the PFRS or SPRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits
4. Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually
5. Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually

**Contributions** – The contribution policy is set by N.J.S.A 43:15C-3 and requires contributions by active members and contributing employers. Plan members are required to contribute 5.5% of their base salary and the District's employer match is an additional 3% contribution. For the year ended June 30, 2023, employee contributions totaled \$32,131 and the District's employer contribution, recognized in pension expense, was \$17,535. There were no forfeitures during the fiscal year.

**Pension Plan Fiduciary Net Position** - Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the OPEB Plan**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

**Special Funding Situation**

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

**Total OPEB Liability**

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2022, was \$50,646,462,966. Of this amount, the total OPEB liability attributable to the School District was \$27,500,800. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.05430%. The total OPEB liability for the School District measured as of June 30, 2022 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2022 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**State Health Benefit State Retired Employees Plan:**

State Health Benefit State Retired Employees Plan Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 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 prefund, 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 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims 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 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75% to 4.25% based on years of service	2.75% to 6.55% based on years of service	3.25% to 16.25% based on years of service

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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**Discount rate**

The discount rate used to measure the total OPEB liability was 3.54%. 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.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**

**Changes in the Total OPEB Liability**

	<b><u>Total OPEB Liability</u></b>
State of New Jersey	
<b>Balance as of June 30, 2021 Measurement Date</b>	\$ <u>60,007,650,971</u>
Changes for the year:	
Service Cost	2,770,618,025
Interest	1,342,187,139
Changes of Benefit Terms	0
Differences between Expected and Actual	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Benefit Payments	(1,329,476,059)
Contributions from Members	<u>42,650,252</u>
<b>Net Changes</b>	<u>(9,361,188,004)</u>
<b>Balance as of June 30, 2022 Measurement Date</b>	\$ <u><u>50,646,462,967</u></u>

**Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2022, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB 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:

<b><u>June 30, 2022</u></b>		
<u>At 1.00% Decrease</u>	<u>At Discount Rate</u>	<u>At 1.00% Increase</u>
2.54%	3.54%	4.54%
\$ 59,529,589,697	50,646,462,966	43,527,080,995

**Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

<b><u>June 30, 2022</u></b>		
<u>1.00% Decrease</u>	<u>Healthcare Cost</u>	<u>1.00% Increase</u>
	Trend Rate	
\$ 41,862,397,291	50,646,462,966	62,184,866,635

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$296,460. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 1,728,681	\$ (2,956,129)
Changes of Assumptions	1,675,767	(3,295,338)
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion	787,303	(1,738,026)
Contributions Subsequent to the Measurement Date		
Total	\$ 4,191,751	\$ (7,989,493)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Measurement Period Ending June 30,	OPEB
2023	\$ 1,306,145
2024	1,306,145
2025	1,306,145
2026	1,460,308
2027	1,956,724
Thereafter	4,845,777
Total	\$ 12,181,244

**NOTE 10. DEFERRED COMPENSATION**

The Board offers its employees a choice of various 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 to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators were:

- Lincoln
- Prudential
- American General Life
- ING
- AFLAC
- Vanguard

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11. 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. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contribution Method". Under this plan, the District is required to transmit quarterly amounts to the New Jersey Unemployment Trust Fund to provide for benefits paid to its former employees and charged to its account with the State. The district does not maintain an expendable trust fund.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Contributed to UC System</u>	<u>Ending Reserve Balance</u>
2022-2023	\$	\$ 28,455	\$ 28,455	\$ -0-
2021-2022		28,455	28,455	-0-
2020-2021		31,396	31,396	-0-

**NOTE 12. LITIGATION**

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there is one pending litigation which has been assigned to Board's insurance carrier. In addition, the Board is not aware of any formal claims, assessments of contingent liability against the District.

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,146,361	\$
Special Revenue		34,952
Enterprise Funds	843,443	1,954,852
Total	<u>\$ 1,989,804</u>	<u>\$ 1,989,804</u>

**NOTE 14. FUND BALANCE APPROPRIATED**

Of the \$3,786,942 General Fund balance at June 30, 2023, \$128,740 is assigned for encumbrances; \$100,002 is restricted for Maintenance Reserve; \$0 is assigned for subsequent year's expenditures and appropriated in the 2023-24 budget and \$3,558,200 is unrestricted and unassigned.

**NOTE 15. DEFICIT IN UNRESTRICTED NET POSITION**

The governmental activities had a deficit in unrestricted Net Position of \$2,884,190, shown on Exhibit A-1, as of June 30, 2023. The primary cause of the deficit is attributable to the application of GASB 68, as described in Note 9, and the allocation of compensated absences balances payable to unrestricted Net Position.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 16. CALCULATION OF EXCESS SURPLUS**

Special Services School Districts are subject to an excess surplus calculation in accordance with N.J.S.A. 18A:46-31 as amended. The New Jersey Department of Education will perform this calculation during its process of tuition rate certification. Therefore, no excess surplus, if applicable, is reflected in the financial statements.

**NOTE 17. MERGE OF THE SALEM COUNTY SPECIAL SERVICES BOARD OF EDUCATION AND THE SALEM COUNTY VO-TECH BOARD OF EDUCATION**

Effective, July 1, 2009, the Salem County Board of Chosen Freeholders adopted a resolution to disband the Salem County Special Services Board of Education and the Salem County Vo-Tech Board of Education, instituting a new Board named "The Board of Education for the Vocational School District and the Special Services School District for the County of Salem".

**NOTE 18. ACCOUNTS RECEIVABLES**

Accounts Receivables at June 30, 2023 consisted of fees, tuition and grants are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Receivables:				
State	\$ 32,248	\$	\$	
Federal				
Intergovernmental	61,143		532,295	593,438
Total	\$ 93,391	\$	\$ 532,295	\$ 593,438

**NOTE 19. TAX ABATEMENT**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

**NOTE 20. SUBSEQUENT EVENTS**

There were no other events noted, between the year-end and December 5, 2023, the date of the audit report, requiring disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule-General Fund**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Original Actual</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<b>Revenues:</b>					
<b>Local Sources:</b>					
County Tax Levy	\$ 8,573,266	\$	\$ 8,573,266	\$ 6,999,273	\$ (1,573,993)
Tuition from LEA's				31,040	31,040
Tuition from Individuals	1,256,197		1,256,197		(1,256,197)
Other Tuition				4	4
Interest	10,500		10,500	18,887	8,387
Unrestricted Miscellaneous Revenues					
<b>Total - Local Sources</b>	<b>9,839,963</b>		<b>9,839,963</b>	<b>7,049,204</b>	<b>(2,790,759)</b>
<b>State Sources:</b>					
On-behalf TPAF Pension Contribution				2,031,321	2,031,321
On-behalf TPAF Post-Retirement Medical Contributions				533,623	533,623
On-behalf TPAF Long-Term Disability				1,142	1,142
Reimbursement TPAF Social Security				326,946	326,946
<b>Total - State Sources</b>				<b>2,893,032</b>	<b>2,893,032</b>
<b>TOTAL REVENUES</b>	<b>9,839,963</b>		<b>9,839,963</b>	<b>9,942,236</b>	<b>102,273</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSES:</b>					
<b>Special Education:</b>					
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	724,499	(74,763)	649,736	446,642	203,094
Other Salaries for Instruction	131,651	(29,491)	102,160	101,843	317
Purchased Professional - Educational Services	7,000	(6,000)	1,000	813	187
Purchased Technical Services	6,075	(3,075)	3,000	2,748	252
Other Purchased Services	7,500	(4,425)	3,075	2,501	574
General Supplies	7,500		7,500	7,393	107
Textbooks	1,000		1,000	400	600
Other Objects	3,500		3,500	3,175	325
<b>Total Behavioral Disabilities</b>	<b>888,725</b>	<b>(117,754)</b>	<b>770,971</b>	<b>565,515</b>	<b>205,456</b>
<b>Multiple Disabilities:</b>					
Salaries of Teachers	826,303	(49,050)	777,253	776,854	399
Other Salaries for Instruction	36,177	(28,500)	7,677	1,036	6,641
Purchased Professional - Educational Services	2,500		2,500		2,500
Other Purchased Services	4,400		4,400	4,355	45
General Supplies	25,000		25,000	13,999	11,001
<b>Total Multiple Disabilities</b>	<b>894,380</b>	<b>(77,550)</b>	<b>816,830</b>	<b>796,244</b>	<b>20,586</b>
<b>Autism:</b>					
Salaries of Teachers	384,201	(244,000)	140,201	126,438	13,763
Other Salaries for Instruction	2,000	(2,000)			
Purchased Professional - Educational Services	2,832		2,832	300	2,532
Purchased Technical Services	100		100		100
Other Purchased Services	3,750		3,750	3,700	50
General Supplies	20,000		20,000	16,553	3,447
Other Objects	1,000		1,000		1,000
<b>Total Autism</b>	<b>413,883</b>	<b>(246,000)</b>	<b>167,883</b>	<b>146,991</b>	<b>20,892</b>
<b>Preschool Disabilities - Full Time</b>					
Salaries of Teachers	58,548		58,548	2,649	55,899
Other Salaries for Instruction	51,477		51,477	3,695	47,782
Purchased Professional - Educational Services	9,214		9,214	1,003	8,211
Other Purchased Services	9,213	(9,213)			
General Supplies	4,000		4,000	473	3,527
<b>Total Preschool Disabilities - Full Time</b>	<b>132,452</b>	<b>(9,213)</b>	<b>123,239</b>	<b>7,820</b>	<b>115,419</b>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule-General Fund**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
<b>Extended School Year</b>					
Salaries of Teachers	\$ 150,994	\$ 35,682	\$ 186,676	158,875	\$ 27,801
Salaries of Supervisors of Instruction	6,819	(369)	6,450	3,960	6,450
Other Salaries for Instruction	2,500	25,715	28,215	3,960	24,255
Other Purchased Services	7,500	3,500	11,000	10,890	110
General Supplies	7,500	2,000	9,500	8,896	604
<b>Total Extended School Year</b>	<b>175,313</b>	<b>66,528</b>	<b>241,841</b>	<b>182,621</b>	<b>59,220</b>
<b>Cognitive - Severe:</b>					
Salaries of Teachers					
Other Salaries for Instruction					
Purchased Professional - Educational Services		500	500		500
Other Purchased Services		500	500	267	233
<b>Total Cognitive Severe</b>		<b>1,000</b>	<b>1,000</b>	<b>267</b>	<b>733</b>
<b>Total Special Education</b>	<b>2,504,753</b>	<b>(382,989)</b>	<b>2,121,764</b>	<b>1,699,458</b>	<b>422,306</b>
<b>School Sponsored Co-curricular Activities- Instruction</b>					
Salaries	52,000	21,000	73,000	72,221	779
<b>Total School Sponsored Co-curricular Activities- Instruction</b>	<b>52,000</b>	<b>21,000</b>	<b>73,000</b>	<b>72,221</b>	<b>779</b>
<b>Alternative Education Programs</b>					
Salaries	481,587	(110,000)	371,587		371,587
Supplies & Materials	25,000		25,000	24	24,976
Other Objects	4,000		4,000		4,000
<b>Total Other Instruction Programs - Instruction</b>	<b>510,587</b>	<b>(110,000)</b>	<b>400,587</b>	<b>24</b>	<b>400,563</b>
<b>Total Instruction</b>	<b>3,067,340</b>	<b>(471,989)</b>	<b>2,595,351</b>	<b>1,771,703</b>	<b>823,648</b>
<b>Undistributed Expenditures:</b>					
<b>Attendance and Social Work Services</b>					
Salaries	52,000	6,325	58,325	58,304	21
<b>Total Attendance and Social Work Services</b>	<b>52,000</b>	<b>6,325</b>	<b>58,325</b>	<b>58,304</b>	<b>21</b>
<b>Health Services:</b>					
Salaries	218,190	(18,168)	200,022	191,288	8,734
Purchased Professional and Technical Services	1,400	(500)	900	500	400
Other Purchased Services	4,500	(1,500)	3,000	2,917	83
Supplies and Materials	16,200	(5,000)	11,200	10,635	565
<b>Total Health Services</b>	<b>240,290</b>	<b>(25,168)</b>	<b>215,122</b>	<b>205,340</b>	<b>9,782</b>
<b>Speech, OT, PT &amp; Related Services</b>					
Salaries	802,593	(3,858)	798,735	790,635	8,100
Purchased Professional Educational Services	62,360	3,537	65,897	59,935	5,962
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>864,953</b>	<b>(321)</b>	<b>864,632</b>	<b>850,570</b>	<b>14,062</b>
<b>Improvement of Instruction Services/Other Support Services- Instructional Staff</b>					
Purchased Professional Educational Services	34,000	4,000	38,000	38,000	
<b>Total Improvement of Instruction</b>	<b>34,000</b>	<b>4,000</b>	<b>38,000</b>	<b>38,000</b>	
<b>Educational Media Services: School Library</b>					
Purchased Professional and Technical Services	3,500	62,500	66,000	62,634	3,366
<b>Total Educational Media Services</b>	<b>3,500</b>	<b>62,500</b>	<b>66,000</b>	<b>62,634</b>	<b>3,366</b>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule-General Fund**  
**For the Fiscal Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
<b>Undistributed Expenditures: (Continued)</b>					
<b>Instructional Staff Training Services:</b>					
Purchased Professional - Educational Services	\$ 12,000	\$ (3,500)	\$ 8,500	2,475	\$ 6,025
Other Purchased Services	14,000	1,000	15,000	3,114	11,886
Supplies and Materials	1,000	5,000	6,000	4,057	1,943
<b>Total Instructional Staff Training Services</b>	<b>27,000</b>	<b>2,500</b>	<b>29,500</b>	<b>9,646</b>	<b>19,854</b>
<b>Support Services - General Administration:</b>					
Salaries	143,568		143,568	131,246	12,322
Unused Vacation Payments to Terminated/ Retired Staff	30,000	(18,000)	12,000	4,970	7,030
Legal Services	12,000	12,500	24,500	23,040	1,460
Audit Fees	16,500	(16,500)			
Other Purchased Professional Services	22,000		22,000	21,356	644
Communication/Telephone	13,000	(8,000)	5,000		5,000
Travel - All Other		1,500	1,500	61	1,439
Misc. Purchased Services	47,086		47,086	45,000	2,086
General Supplies	4,500		4,500	4,461	39
BOE In-House Training/Meeting Supplies	500		500	181	319
Miscellaneous Expenditures	4,500		4,500	3,162	1,338
BOE Membership Dues and Fees	6,000		6,000	5,178	822
<b>Total Support Services - General Administration</b>	<b>299,654</b>	<b>(28,500)</b>	<b>271,154</b>	<b>238,655</b>	<b>32,499</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	286,400	(58,850)	227,550	225,548	2,002
Salaries of Secretarial and Clerical Assistants	156,263	(46,589)	109,674	85,461	24,213
Purchased Professional and Technical Services	1,000		1,000	220	780
Other Purchased Services	17,522		17,522	5,966	11,556
Supplies and Materials	7,000		7,000	3,386	3,614
Other Objects	7,000		7,000	3,477	3,523
<b>Total Support Services - School Administration</b>	<b>475,185</b>	<b>(105,439)</b>	<b>369,746</b>	<b>324,058</b>	<b>45,688</b>
<b>Central Services</b>					
Salaries	561,660	(2,000)	559,660	530,944	28,716
Purchased Technical Services	50,000		50,000	49,469	531
Miscellaneous Purchased Services	1,500		1,500	767	733
Supplies and Materials	9,500		9,500	936	8,564
Miscellaneous Expenditures	750		750	500	250
<b>Total Central Services</b>	<b>623,410</b>	<b>(2,000)</b>	<b>621,410</b>	<b>582,616</b>	<b>38,794</b>
<b>Admin. Info. Technology</b>					
Salaries	73,236		73,236	66,707	6,529
Purchased Technical Services	20,000		20,000	19,175	825
Other Purchased Services	4,000		4,000	2,197	1,803
Supplies and Materials	5,000		5,000	4,150	850
Other Objects	500		500		500
<b>Total Admin. Info. Technology</b>	<b>102,736</b>		<b>102,736</b>	<b>92,229</b>	<b>10,507</b>
<b>Total Central Services &amp; Admin. Info. Technology</b>	<b>726,146</b>	<b>(2,000)</b>	<b>724,146</b>	<b>674,845</b>	<b>49,301</b>
<b>Required Maintenance for School Facilities</b>					
Salaries	80,334	53,556	133,890	90,312	43,578
Cleaning, Repair, and Maintenance Services	135,000		135,000	126,263	8,737
General Supplies	15,000		15,000	12,618	2,382
<b>Total Required Maintenance for School Facilities</b>	<b>230,334</b>	<b>53,556</b>	<b>283,890</b>	<b>229,193</b>	<b>54,697</b>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
Budgetary Comparison Schedule-General Fund  
For the Fiscal Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
<b>Undistributed Expenditures: (Continued)</b>					
<b>Operation And Maintenance Of Plant Services:</b>					
Purchased Professional and Technical Services	\$ 9,000	\$	\$ 9,000	\$ 8,100	\$ 900
Cleaning, Repair and Maintenance Services	236,500		236,500	234,004	2,496
Rental - Other than Lease Purchase Agreements	217,155	(217,155)			
Insurance	34,000	(30,000)	4,000	3,000	1,000
General Supplies	42,000	(22,000)	20,000	19,125	875
Energy (Natural Gas)	20,000		20,000	15,548	4,452
Energy (Electricity)	70,000	22,500	92,500	80,645	11,855
Energy (Oil)	18,000	28,000	46,000	40,081	5,919
<b>Total Operation of Plant Services</b>	<b>646,655</b>	<b>(218,655)</b>	<b>428,000</b>	<b>400,503</b>	<b>27,497</b>
<b>Care and Upkeep of Grounds</b>					
Salaries	36,053	(36,053)			
Cleaning, Repair and Maintenance Services	30,000	(15,500)	14,500	12,096	2,404
<b>Total Care and Upkeep of Grounds</b>	<b>66,053</b>	<b>(51,553)</b>	<b>14,500</b>	<b>12,096</b>	<b>2,404</b>
<b>Security</b>					
Purchased Professional and Technical Services	30,000	20,000	50,000	40,141	9,859
<b>Total Security</b>	<b>30,000</b>	<b>20,000</b>	<b>50,000</b>	<b>40,141</b>	<b>9,859</b>
<b>Total Operation And Maintenance of Plant Services</b>	<b>973,042</b>	<b>(196,652)</b>	<b>776,390</b>	<b>681,933</b>	<b>39,760</b>
<b>Student Transportation Services</b>					
Sal. For pPupil Trans (Other Than Bet. Home & Sch	25,000	(14,000)	11,000	3,265	7,735
Other Purchased Prof. and Technical Serv.	10,500	(10,500)			
Lease Purchase Payments - School Buses	53,000	(53,000)			
Cleaning, Repair, & amp; Maint. Services	10,200	800	11,000	4,362	6,638
Salaries - Other Than between Home and School		11,000	11,000	9,550	1,450
Miscellaneous Purchased Services - Transportation		145,000	145,000	21,054	123,946
<b>Total Student Transportation Services</b>	<b>98,700</b>	<b>79,300</b>	<b>178,000</b>	<b>38,231</b>	<b>139,769</b>
<b>Allocated Benefits:</b>					
Health Benefits					
<b>Total Allocated Benefits</b>					
<b>Unallocated Benefits - Employee Benefits:</b>					
Social Security Contributions	254,617		254,617	238,932	15,685
Other Retirement Contributions - PERS	363,458		363,458	346,079	17,379
Unemployment Compensation	73,637		73,637	21,584	52,053
Workers' Compensation	172,637		172,637	142,388	30,249
Health Benefits	2,014,604	(173,175)	1,841,429	673,242	1,168,187
Tuition Reimbursements	34,200		34,200	5,400	28,800
Other Employee Benefits	25,000		25,000	422	24,578
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>2,938,153</b>	<b>(173,175)</b>	<b>2,764,978</b>	<b>1,428,047</b>	<b>1,336,931</b>
On-behalf TPAF Non-Contributory Insurance (Non-budgeted)				2,031,321	(2,031,321)
On-behalf TPAF Postretirement Contributions (Non-budgeted)				533,623	(533,623)
On-behalf TPAF Long-Term Disability (Non-budgeted)				1,142	(1,142)
Reimbursed TPAF Social Security Contributions Not-budgeted)				326,946	(326,946)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>2,893,032</b>	<b>(2,893,032)</b>
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>2,938,153</b>	<b>(173,175)</b>	<b>2,764,978</b>	<b>4,321,079</b>	<b>(1,556,101)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>6,732,623</b>	<b>(376,630)</b>	<b>6,355,993</b>	<b>7,503,295</b>	<b>(1,147,302)</b>
Interest Earned on Maintenance					
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>9,799,963</b>	<b>(848,619)</b>	<b>8,951,344</b>	<b>9,274,998</b>	<b>(323,654)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Special Education Instruction:</b>					
Special Schools - (All Programs)	40,000	(40,000)			
<b>Total Equipment</b>	<b>40,000</b>	<b>(40,000)</b>		<b>-</b>	

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Budgetary Comparison Schedule-General Fund**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
<b>Facilities Acquisition and Construction Services:</b>					
Lease/Purchase - Principal	\$		\$ 40,000	\$ 21,209	\$ 18,791
Land Improvements					
Construction Services					
<b>Total Facilities Acquisition and Construction Services</b>		40,000	40,000	21,209	18,791
Assets Acquired Under Capital Leases (Non-budget)					
<b>TOTAL CAPITAL OUTLAY</b>	40,000		40,000	21,209	18,791
<b>TOTAL EXPENDITURES</b>	9,839,963	(848,619)	8,991,344	9,296,207	(304,863)
<b>Excess (Deficiency) of Revenues and Other Over/(Under) Expenditures</b>		848,619	848,619	646,029	(202,590)
<b>Other Financing Sources (uses):</b>					
Cancellation of Prior Year Accounts Receivable				(58,792)	(58,792)
<b>Total Other Financing Sources (Uses)</b>				(58,792)	(58,792)
<b>Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses</b>		848,619	848,619	587,237	(261,382)
<b>Fund Balances, July 1</b>	3,199,705		3,199,705	3,199,705	
<b>Fund Balances, June 30</b>	\$ 3,199,705	\$ 848,619	\$ 4,048,324	\$ 3,786,942	\$ (261,382)
<b>RECAPITULATION</b>					
<b>Restricted Fund Balance:</b>					
Maintenance Reserve				\$ 100,002	
<b>Assigned to:</b>					
Encumbrances				128,740	
<b>Unassigned Fund Balance</b>				3,558,200	
<b>Fund Balance per Governmental Funds (GAAP)</b>				\$ 3,786,942	

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**AS OF JUNE 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources	\$ 20,000	\$	\$ 20,000	\$ 18,024	\$ (1,976)
State Sources					
Federal Sources	73,516		73,516	93,516	20,000
<b>Total Revenues</b>	<u>93,516</u>		<u>93,516</u>	<u>111,540</u>	<u>18,024</u>
<b>EXPENDITURES:</b>					
Instruction					
<b>Total Instruction</b>					
<b>Support Services</b>					
Other Salaries	24,086				
Other Purchased Services	36,000		69,720	69,720	
Benefits	9,634				
Supplies and Materials					
Student Activities				6,368	(6,368)
<b>Total Support Services</b>	<u>69,720</u>		<u>69,720</u>	<u>76,088</u>	<u>(6,368)</u>
<b>Facilities Acquisition and Construction Services:</b>					
Equipment	23,796		23,796		23,796
<b>Total Facilities Acquisition and Construction Services</b>	<u>23,796</u>		<u>23,796</u>		<u>23,796</u>
Total Expenditures	93,516		93,516	76,088	17,428
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<u>93,516</u>		<u>93,516</u>	<u>76,088</u>	<u>17,428</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>				<u>35,452</u>	<u>35,452</u>
<b>Fund Balance, July 1</b>				<u>33,747</u>	
<b>Fund Balance, June 30</b>				<u>\$ 69,199</u>	
<b>Recapitulation:</b>					
<b>Restricted:</b>					
Student Activities				<u>\$ 69,199</u>	
<b>Total Fund Balance</b>				<u>\$ 69,199</u>	

**NOTES TO THE REQUIRED SUPPLEMENTARY  
INFORMATION PART II**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGET -TO-GAAP RECONCILIATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

	General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 9,942,236	[E-1] \$ 111,540
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 revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2] \$ 9,942,236	[B-2] \$ 111,540
=====		
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 9,296,207	[E-1] \$ 99,884
Differences - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
-----		
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	[B-2] \$ 9,296,207	[B-2] \$ 99,884
=====		

**REQUIRED SUPPLEMENTARY**  
**INFORMATION PART III**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employees' Retirement System (PERS)**  
**Last Ten Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.037050%	0.042765%	0.043942%	0.041395%	0.038821%	0.036705%	0.035685%	0.031218%	0.024927%	0.022275%
District's Proportionate Share of the Net Pension Liability	\$ 5,591,399	\$ 5,066,187	\$ 7,165,846	\$ 7,458,687	\$ 7,643,671	\$ 8,544,246	\$ 10,568,925	\$ 7,007,866	\$ 4,666,980	\$ 4,257,130
District's Covered-Employee Payroll	\$ 2,226,605	\$ 2,632,315	\$ 2,848,348	\$ 3,114,197	\$ 2,844,511	\$ 2,699,173	\$ 2,541,161	\$ 2,470,397	\$ 2,207,070	\$ 1,960,265
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	251.12%	192.46%	251.58%	239.51%	268.72%	316.55%	415.91%	283.67%	211.46%	217.17%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

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

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Schedule of District Contributions**  
**Public Employees' Retirement System (PERS)**  
**Last Ten Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 467,222	\$ 500,831	\$ 480,708	\$ 406,356	\$ 390,328	\$ 352,715	\$ 322,451	\$ 268,393	\$ 205,493	\$ 167,835
Contributions in relation to the Contractually Required Contribution	(467,222)	(500,831)	(480,708)	(406,356)	(390,328)	(352,715)	(322,451)	(268,393)	(205,493)	(167,835)
Contribution Deficiency (Excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
District's Covered-Employee Payroll	\$ 2,226,605	\$ 2,632,315	\$ 2,848,348	\$ 3,114,197	\$ 2,844,511	\$ 2,699,173	\$ 2,541,161	\$ 2,470,397	\$ 2,207,070	\$ 1,960,265
Contributions as a Percentage of Covered-Employee Payroll	20.98%	19.03%	16.88%	13.05%	13.72%	13.07%	12.69%	10.86%	9.31%	8.56%

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

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teachers' Pension and Annuity Fund (TPAF)**  
**Last Ten Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.051078%	0.050278%	0.049576%	0.046641%	0.050370%	0.046634%	0.042760%	0.049653%	0.052290%	0.051708%
District's Proportionate Share of the Net Pension Liability	\$ 26,353,140	\$ 24,171,359	\$ 32,645,256	\$ 28,624,225	\$ 32,044,398	\$ 31,442,626	\$ 33,637,659	\$ 31,383,016	\$ 27,947,304	\$ 26,132,864
District's Covered-Employee Payroll	\$ 4,683,727	\$ 5,102,727	\$ 5,632,795	\$ 5,645,131	\$ 5,294,290	\$ 5,163,893	\$ 3,479,591	\$ 4,980,916	\$ 4,543,261	\$ 3,975,269
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	562.65%	473.69%	579.56%	507.06%	605.26%	608.89%	966.71%	630.07%	615.14%	657.39%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

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

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Required Supplementary Information - Part III**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**State Health Benefit Local Education Retired Employees Plan**  
**Last Ten Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>						
Service Cost	\$ 2,708,363	\$ 3,197,656	\$ 1,639,380	\$ 1,692,121	\$ 1,928,725	\$ 2,336,204
Interest Cost	728,802	849,817	707,479	799,069	926,606	781,028
Changes of Benefit Terms		(34,869)				
Differences Between Expected and Actual Experiences	(619,836)	(6,116,454)	8,378,889	(2,573,297)	(5,117,740)	
Changes of Assumptions	(7,377,336)	32,320	6,480,752	281,371	(2,207,204)	(3,713,483)
Member Contributions	23,159	21,726	18,721	17,172	17,775	20,640
Gross Benefit Payments	(721,899)	(669,418)	(617,656)	(579,290)	(514,312)	(560,528)
<b>Net Change In Total OPEB Liability</b>	<u>(5,258,747)</u>	<u>(2,719,222)</u>	<u>16,607,565</u>	<u>(362,854)</u>	<u>(4,966,150)</u>	<u>(1,136,139)</u>
<b>Total OPEB Liability - Beginning</b>	<u>32,759,547</u>	<u>35,478,769</u>	<u>18,871,204</u>	<u>19,234,058</u>	<u>24,200,208</u>	<u>25,336,347</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 27,500,800</u>	<u>\$ 32,759,547</u>	<u>\$ 35,478,769</u>	<u>\$ 18,871,204</u>	<u>\$ 19,234,058</u>	<u>\$ 24,200,208</u>
<b>Covered-Employee Payroll</b>	\$ 6,910,332	\$ 7,735,042	\$ 8,481,143	\$ 8,759,328	\$ 8,138,801	\$ 7,863,066
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	397.97%	423.52%	422.60%	215.44%	236.33%	307.77%

Notes to Schedule:

Changes of Benefit Terms: The decrease in liability from June 30, 2020 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Differences Between Expected and Actual Experiences: The decrease in liability from June 30, 2020 to June 30, 2022 is due to changes in the census.

Changes in Assumptions: The increase in the liability from June 30, 2020 to June 30, 2022 is due to the combined effect of Trend Updates, Mortality Projection Scale Updates, Discount Rate Changes, and Salary Scale changes.

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

**OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**SALEM COUNTY SPECIAL SERVICES DISTRICT**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULES OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>ARP</u> <u>NON TITLE I</u>	<u>CRRSA - CR</u> <u>NON TITLE I</u>	<u>CARES</u> <u>ACT</u>	<u>Student</u> <u>Activity</u>	<u>Totals</u> <u>2023</u>
<b>REVENUES:</b>					
Federal sources	\$ 23,796	\$ 49,720	\$ 20,000	\$	\$ 93,516
State sources					
Local sources				18,024	18,024
Total Revenues	<u>23,796</u>	<u>49,720</u>	<u>20,000</u>	<u>18,024</u>	<u>111,540</u>
<b>EXPENDITURES:</b>					
Instruction:					
Total Instruction					
Support Services - General Administration:					
Salaries					
Supplies and Materials					
Other Purchased Services		49,720	20,000		69,720
Student Activities				6,368	6,368
Total Support Services		<u>49,720</u>	<u>20,000</u>	<u>6,368</u>	<u>76,088</u>
Facilities Acquisition and Construction Services:					
Equipment	23,796				23,796
Total Facilities Acquisition and Construction Services	<u>23,796</u>				<u>23,796</u>
Total Expenditures	<u>\$ 23,796</u>	<u>\$ 49,720</u>	<u>\$ 20,000</u>	<u>\$ 6,368</u>	<u>\$ 99,884</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$ 11,656	\$ 11,656
Fund Balance, July 1				33,747	33,747
Fund Balance, June 30	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 45,403</u>	<u>\$ 45,403</u>

## **PROPRIETARY FUND DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

**Food Services Fund** – This fund provides for the operation of food services in all schools within the school district.

**Alternative High School Enterprise Fund** – This fund provides for the operation of the District’s Alternative High School.

**Transportation Enterprise Fund** – This fund provides for transportation services provided to other local educational associations.

**Related Services Enterprise Fund** – This fund provides for student support services which are provided to other local educational associations.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 PROPRIETARY ENTERPRISE FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2023 AND 2022**

	Child Study Team	Related Services Fund	One on One Aides	Nonpublic Interlocal Fund	Early Intervention Program	Regional Day School	Food Service Fund	Totals	
								2023	2022
<b>ASSETS:</b>									
Current Assets:									
Cash and Cash Equivalents	\$	\$ 73,730	\$ 406,014	\$ 10,185	\$ 152,358	\$	\$ 11,946	\$ 654,233	\$ 316,868
Accounts Receivable:									
State									
Federal									
Intergovernmental	104,662	57,762	223,980		3,137	142,754		532,295	729,144
Interfund Receivable	332,251	139,468	48,434	9,591		313,699		843,443	684,026
Inventory							1,144	1,144	2,862
<b>Total Current Assets</b>	<b>436,913</b>	<b>270,960</b>	<b>678,428</b>	<b>19,776</b>	<b>155,495</b>	<b>456,453</b>	<b>13,090</b>	<b>2,031,115</b>	<b>1,732,900</b>
Fixed Assets:									
Equipment	9,738			33,209		339,893	48,767	431,607	410,553
Less: Depreciation	(9,738)			(33,209)		(260,160)	(20,015)	(323,122)	(279,537)
						79,733	28,752	108,485	131,016
<b>Total Assets</b>	<b>436,913</b>	<b>270,960</b>	<b>678,428</b>	<b>19,776</b>	<b>155,495</b>	<b>536,186</b>	<b>41,842</b>	<b>2,139,600</b>	<b>1,863,916</b>
<b>LIABILITIES:</b>									
Current Liabilities:									
Accounts Payable									
Accrued Interest Payable						483		483	1,151
Interfund Payable	436,913	270,960	631,202	19,776	87,626	505,513	2,862	1,954,852	1,795,435
Non-current Liabilities									
Due Within One Year						30,190		30,190	28,840
Due Beyond One Year									30,190
<b>Total Current Liabilities</b>	<b>436,913</b>	<b>270,960</b>	<b>631,202</b>	<b>19,776</b>	<b>87,626</b>	<b>536,186</b>	<b>2,862</b>	<b>1,985,525</b>	<b>1,855,616</b>
<b>NET POSITION:</b>									
Unrestricted			47,226		67,869	(49,543)	10,228	75,780	(63,686)
Invested in Fixed Assets						49,543	28,752	78,295	71,986
<b>Total Net Position</b>	<b>\$</b>	<b>\$</b>	<b>\$ 47,226</b>	<b>\$</b>	<b>\$ 67,869</b>	<b>\$</b>	<b>\$ 38,980</b>	<b>\$ 154,075</b>	<b>\$ 8,300</b>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**PROPRIETARY ENTERPRISE FUNDS**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**AS OF JUNE 30, 2023 AND 2022**

	Child Study Team	Related Services Fund	One on One Aides	Nonpublic Interlocal Fund	Early Intervention Program	Regional Day School	Food Service Fund	Totals	
								2023	2022
<b>OPERATING REVENUES:</b>									
Local Sources:									
Daily Sales - Reimbursable Programs	\$	\$	\$	\$	\$	\$	\$ 4,744	\$ 4,744	\$
Daily Sales - Nonreimbursable Programs							4,002	4,002	1,100
Total Daily Sales							8,746	8,746	1,100
N.J. Dept of Human Services - Fees					1,020,568			1,020,568	957,383
Tuition						2,927,747		2,927,747	2,417,765
Services provided other LEAs	585,202	1,741,480	3,006,833					5,333,515	4,900,346
<b>Total Operating Revenue</b>	<b>585,202</b>	<b>1,741,480</b>	<b>3,006,833</b>		<b>1,020,568</b>	<b>2,927,747</b>	<b>8,746</b>	<b>9,290,576</b>	<b>8,276,594</b>
<b>OPERATING EXPENSES:</b>									
Salaries	693,006	1,285,749	1,334,350		860,016	2,013,944	54,393	6,241,458	6,100,586
Employee Benefits	156,319	515,344	921,282		92,267	805,210	21,664	2,512,086	2,563,474
Purchased Professional and Technical Services						13,386		13,386	6,402
Purchased Professional /Educ services		10,903				759		11,662	3,294
Purchased Professional Services	4,845					1,145		5,990	5,783
Purchased Property Services		2,963						2,963	61,000
Other Purchased Services	3,000					59,721		62,721	24,503
Communications Telephone						6,723		6,723	5,900
Cleaning /Repair /Maintenance						181,046		181,046	177,677
Supplies and Materials	13,082	15,326			416	49,858	60,662	139,344	150,290
Travel	593	5,659						6,252	8,731
Transportation						2,901		2,901	
Other Objects						21,375		21,375	3,974
Depreciation						42,983	602	43,585	41,831
Interest Expense						2,088		2,088	7,688
Utilities						50,476		50,476	66,097
<b>Total Operating Expenses</b>	<b>\$ 870,845</b>	<b>\$ 1,835,944</b>	<b>\$ 2,255,632</b>	<b>\$</b>	<b>\$ 952,699</b>	<b>\$ 3,251,615</b>	<b>\$ 137,321</b>	<b>\$ 9,304,056</b>	<b>\$ 9,227,230</b>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**PROPRIETARY ENTERPRISE FUNDS**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**AS OF JUNE 30, 2023 AND 2022**

	Child Study Team	Related Services Fund	One on One Aides	Nonpublic Interlocal Fund	Early Intervention Program	Regional Day School	Food Service Fund	Totals	
								2023	2022
Operating Income (Loss)	\$ (285,643)	\$ (94,464)	\$ 751,201	\$	\$ 67,869	\$ (323,868)	\$ (128,575)	\$ (13,480)	\$ (950,636)
Non-Operating Revenues:									
State Sources:									
State School Breakfast Program							2,224	2,224	
State School Lunch Program							1,874	1,874	2,256
Federal Sources:									
School Breakfast Program							39,854	39,854	48,993
National School Lunch Program							78,709	78,709	95,915
SFSP - Summer Food							3,236	3,236	
SFSP - Summer Food Admin							323	323	
Food Distribution Program							9,393	9,393	8,925
Emergency Operational Cost Program									11,502
P-EBT Administrative Cost Reimbursement									1,242
Supply Chain Assistance							23,642	23,642	
Total Non-Operating Revenues							159,255	159,255	168,833
Transfer In - General Fund									120,575
Transfers	285,643	94,464	(703,975)			323,868			
Fixed Asset Adjustment									
Net Increase (Decrease) in Net Position			47,226		67,869		30,680	145,775	(661,228)
Net Position - July 1							8,300	8,300	669,528
Net Position - June 30	\$	\$	\$ 47,226	\$	\$ 67,869	\$	\$ 38,980	\$ 154,075	\$ 8,300

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
AS OF JUNE 30, 2023 AND 2022**

	Child Study Team	Related Services Fund	One on One Aides	Nonpublic Interlocal Fund	Early Intervention Program	Regional Day School	Food Service Fund	Totals	
								2023	2022
<b>Cash Flows from Operating Activities:</b>									
Receipts from Customers	\$ 585,202	\$ 1,815,210	\$ 3,146,564	\$	\$ 1,017,431	\$ 2,914,272	\$ 8,746	\$ 9,487,425	\$ 8,656,400
Payments to Employees	(693,006)	(1,285,749)	(1,334,350)		(860,016)	(2,013,944)	(54,393)	(6,241,458)	(6,100,586)
Payments for Employee Benefits	(156,319)	(515,344)	(921,282)		(92,267)	(805,210)	(21,664)	(2,512,086)	(2,413,759)
Payments to Suppliers	(21,520)	(34,851)			(416)	(418,986)	(58,944)	(534,717)	(131,519)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(285,643)</b>	<b>(20,734)</b>	<b>890,932</b>		<b>64,732</b>	<b>(323,868)</b>	<b>(126,255)</b>	<b>199,164</b>	<b>10,536</b>
<b>Cash from (Used for) Operating Activities-</b>									
Transfers	285,643	94,464	(703,975)			323,868			120,575
<b>Total Cash Provided by (Used for) Operating Activities</b>		<b>73,730</b>	<b>186,957</b>		<b>64,732</b>		<b>(126,255)</b>	<b>199,164</b>	<b>131,111</b>
<b>Cash Flows from Noncapital Financing Activities</b>									
State Sources							4,098	4,098	2,256
Federal Sources							155,157	155,157	166,577
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>							<b>159,255</b>	<b>159,255</b>	<b>168,833</b>
<b>Cash Flows from Capital and Related Financing Activities</b>									
Purchases of Capital Assets							(21,054)	(21,054)	
<b>Net Cash Provided by (Used For) Capital and Related Financing Activities</b>							<b>(21,054)</b>	<b>(21,054)</b>	
<b>Cash Flows from Investing Activities</b>									
<b>Net Cash Provided by (Used for) Investing Activities</b>									
<b>Net Increase (Decrease) in Cash and Cash Equiv</b>		<b>73,730</b>	<b>186,957</b>		<b>64,732</b>		<b>11,946</b>	<b>337,365</b>	<b>299,944</b>
Balances - Beginning of Year			219,057	10,185	87,626			316,868	16,924
Balances - End of Year	\$	\$ 73,730	\$ 406,014	\$ 10,185	\$ 152,358	\$	\$ 11,946	\$ 654,233	\$ 316,868
<b>Operating income (loss)</b>									
Operating income (loss)	\$ (285,643)	\$ (94,464)	\$ 751,201	\$	\$ 67,869	\$ (323,868)	\$ (128,575)	\$ (13,480)	\$ (950,636)
<b>Adjustments to reconcile operating income (loss) to cash used by operating activities:</b>									
Depreciation						42,983	602	43,585	41,831
Capital Lease Principle						(28,840)		(28,840)	(77,558)
<b>Change in assets and liabilities:</b>									
(Increase)/decrease in Accounts Receivable	(19,460)	171,493	(19,686)		(3,137)	67,639		196,849	245,743
(Increase)/decrease in Interfund Receivable	19,460	(97,763)				(81,114)		(159,417)	(300,835)
(Increase)/decrease in Inventory							1,718	1,718	(1,589)
Increase/(decrease) in Accounts Payable									(4,965)
Increase/(decrease) in Interfund Payable			159,417					159,417	1,060,310
Increase/(decrease) in Accrued Interest Payable						(668)		(668)	(1,765)
Increase/(decrease) in Unearned Revenue									
<b>Total Adjustments</b>		<b>73,730</b>	<b>139,731</b>		<b>(3,137)</b>		<b>2,320</b>	<b>212,644</b>	<b>961,172</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(285,643)</b>	<b>(20,734)</b>	<b>890,932</b>		<b>64,732</b>	<b>(323,868)</b>	<b>(126,255)</b>	<b>199,164</b>	<b>10,536</b>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

**SALEM COUNTY SPECIAL SERVICES DISTRICT**

Schedule of Obligations Under Capital Leases

For the Fiscal Year Ended June 30, 2023

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue Principal</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2022</u>	<u>Issued</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2023</u>
2019-20 School Bus and Van	12/15/20	5 yrs	\$ 138,043	4.68%	\$ 59,030	\$	\$ 28,840	\$ 30,190
Fire Panels	7/1/22	10yrs	26,000	6.50%		316,000	21,209	294,791
					<u>\$ 59,030</u>	<u>\$ 316,000</u>	<u>\$ 50,049</u>	<u>\$ 324,981</u>

(a)

(a)

Paid through:

General Fund \$ 21,209

Enterprise Fund 28,840

Total \$ 50,049

(a) Future Interest Payments Removed from Carrying Value of Leases.

**STATISTICAL SECTION**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*  
*(Accrual Basis of Accounting)*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt \$	5,706,980	5,472,718	5,305,690	5,104,583	4,919,013	4,703,282	4,461,236	4,384,452	4,100,379	4,169,176
Restricted	100,210	100,000	100,000	100,000	100,000	100,001	100,002	132,408	133,749	169,201
Unrestricted (Deficit)	691,176	(3,311,927)	(3,721,097)	(4,562,145)	(4,562,738)	(5,111,043)	(5,415,059)	(5,275,513)	(4,122,058)	(3,178,981)
<b>Total Governmental Activities Net Position</b>	<b>\$ 6,498,366</b>	<b>\$ 2,260,791</b>	<b>\$ 1,684,593</b>	<b>\$ 642,438</b>	<b>\$ 456,275</b>	<b>\$ (307,760)</b>	<b>\$ (853,821)</b>	<b>\$ (758,653)</b>	<b>\$ 112,070</b>	<b>\$ 1,159,396</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt \$			73,822	63,640	272,086	85,566	115,042	36,259	71,986	78,295
Restricted		61,422	61,422							
Unrestricted	1,767,867	2,971,256	2,948,356	3,596,012	3,436,189	2,725,152	1,248,140	633,269	(63,686)	75,780
<b>Total Business-Type Activities Net Position</b>	<b>\$ 1,767,867</b>	<b>\$ 3,032,678</b>	<b>\$ 3,083,600</b>	<b>\$ 3,659,652</b>	<b>\$ 3,708,275</b>	<b>\$ 2,810,718</b>	<b>\$ 1,363,182</b>	<b>\$ 669,528</b>	<b>\$ 8,300</b>	<b>\$ 154,075</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt \$	5,706,980	5,472,718	5,379,512	5,168,223	5,191,099	4,788,848	4,576,278	4,420,711	4,172,365	4,247,471
Restricted	100,210	161,422	161,422	100,000	100,000	100,001	100,002	132,408	133,749	169,201
Unrestricted (Deficit)	2,459,043	(340,671)	(772,741)	(966,133)	(1,126,549)	(2,385,891)	(4,166,919)	(4,642,244)	(4,185,744)	(3,103,201)
<b>Total District-Wide Net Position</b>	<b>\$ 8,266,233</b>	<b>\$ 5,293,469</b>	<b>\$ 4,768,193</b>	<b>\$ 4,302,090</b>	<b>\$ 4,164,550</b>	<b>\$ 2,502,958</b>	<b>\$ 509,361</b>	<b>\$ (89,125)</b>	<b>\$ 120,370</b>	<b>\$ 1,313,471</b>

Source: ACFR Schedule A-1

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)  
 (Accrual Basis of Accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction										
Regular	\$ 2,530,644	\$ 2,966,578	\$ 3,422,070	\$ 3,861,190	\$ 3,649,111	\$ 3,618,674	\$ 4,008,633	\$ 3,673,139	\$ 2,567,273	\$ 1,771,703
Special Education										
Support Services										
Student and Instruction Related Services	773,586	731,793	670,143	669,862	859,799	843,871	986,446	869,495	1,120,036	1,230,862
General Administrative Services	234,695	295,870	194,252	125,722	203,869	227,889	312,287	228,329	411,222	308,375
School Administrative Services	321,197	527,547	335,349	342,288	353,925	366,424	294,043	334,994	394,151	324,058
Central Services and Info. Technology	382,090	326,007	353,085	257,193	343,153	465,993	477,255	503,404	486,407	674,845
Plant Operations and Maintenance	518,957	630,673	445,334	464,383	549,927	543,790	554,187	598,901	601,816	661,716
Pupil Transportation	62,599	48,112	41,301	38,597	25,035	19,175	18,870	18,742	22,276	38,231
Employee Benefits	2,672,058	4,400,924	4,969,776	6,593,930	8,137,722	7,528,616	5,294,764	7,923,441	3,147,515	2,111,201
Unallocated Depreciation and Amortization	280,675	269,262	274,153	272,781	276,563	274,271	301,131	301,333	308,787	267,420
<b>Total Governmental Activities Expenses</b>	<b>7,776,501</b>	<b>10,196,766</b>	<b>10,705,463</b>	<b>12,625,946</b>	<b>14,399,104</b>	<b>13,888,703</b>	<b>12,247,616</b>	<b>14,451,778</b>	<b>9,059,483</b>	<b>7,388,411</b>
<b>Business-Type Activities</b>										
Food Service	112,827	71,996	91,749	97,527	169,029	195,661	158,941	148,285	182,498	137,321
Other Enterprise	5,953,561	6,030,991	7,140,749	6,627,908	7,239,079	8,388,043	8,591,627	7,856,698	9,044,732	9,166,735
<b>Total Business-Type Activities Expense</b>	<b>6,066,388</b>	<b>6,102,987</b>	<b>7,232,498</b>	<b>6,725,435</b>	<b>7,408,108</b>	<b>8,583,704</b>	<b>8,750,568</b>	<b>8,004,983</b>	<b>9,227,230</b>	<b>9,304,056</b>
<b>Total District Expenses</b>	<b>\$ 13,842,889</b>	<b>\$ 13,842,889</b>	<b>\$ 17,937,961</b>	<b>\$ 19,351,381</b>	<b>\$ 21,807,212</b>	<b>\$ 22,472,407</b>	<b>\$ 20,998,184</b>	<b>\$ 22,456,761</b>	<b>\$ 18,286,713</b>	<b>\$ 16,692,467</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for Service								\$ 2,304	\$ 10,315	\$ 6,368
Operating Grants and Contributions	\$ 948,873	\$ 805,777	\$ 2,713,691	\$ 3,334,393	\$ 5,378,664	\$ 4,086,334	\$ 3,142,536	\$ 2,423,682	\$ 1,084,865	\$ 1,107,045
<b>Total Governmental Activities Program Revenues</b>	<b>948,873</b>	<b>805,777</b>	<b>2,713,691</b>	<b>3,334,393</b>	<b>5,378,664</b>	<b>4,086,334</b>	<b>3,142,536</b>	<b>2,425,986</b>	<b>1,095,180</b>	<b>1,113,413</b>
<b>Business-Type Activities</b>										
Charges for Services										
Food Service	6,332	6,143	9,701	6,959	6,691	9,818	551	290	1,100	8,746
Other Enterprise	6,715,440	7,481,604	7,437,035	7,599,297	7,309,399	7,490,486	7,144,091	7,289,136	8,275,494	9,281,830
Operating Grants and Contributions	55,709	72,681	101,652	85,833	100,567	95,883	74,409	157,157	168,833	159,255
<b>Total Business-Type Activities Program Revenues</b>	<b>6,777,481</b>	<b>7,560,428</b>	<b>7,548,388</b>	<b>7,692,089</b>	<b>7,416,657</b>	<b>7,596,187</b>	<b>7,219,051</b>	<b>7,446,583</b>	<b>8,445,427</b>	<b>9,449,831</b>
<b>Total District Program Revenues</b>	<b>\$ 7,726,354</b>	<b>\$ 8,366,205</b>	<b>\$ 10,262,079</b>	<b>\$ 11,026,482</b>	<b>\$ 12,795,321</b>	<b>\$ 11,682,521</b>	<b>\$ 10,361,587</b>	<b>\$ 9,872,569</b>	<b>\$ 9,540,607</b>	<b>\$ 10,563,244</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	<b>\$ (6,827,628)</b>	<b>\$ (9,390,989)</b>	<b>\$ (7,991,772)</b>	<b>\$ (9,291,553)</b>	<b>\$ (9,020,440)</b>	<b>\$ (9,802,369)</b>	<b>\$ (9,105,080)</b>	<b>\$ (12,025,792)</b>	<b>\$ (7,964,303)</b>	<b>\$ (6,274,998)</b>
<b>Business-Type Activities</b>	<b>711,093</b>	<b>1,457,441</b>	<b>315,890</b>	<b>966,654</b>	<b>8,549</b>	<b>(987,517)</b>	<b>(1,531,517)</b>	<b>(558,400)</b>	<b>(781,803)</b>	<b>145,775</b>
<b>Total District-Wide Net Expense</b>	<b>\$ (6,116,535)</b>	<b>\$ (7,933,548)</b>	<b>\$ (7,675,882)</b>	<b>\$ (8,324,899)</b>	<b>\$ (9,011,891)</b>	<b>\$ (10,789,886)</b>	<b>\$ (10,636,597)</b>	<b>\$ (12,584,192)</b>	<b>\$ (8,746,106)</b>	<b>\$ (6,129,223)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes Levied for General Purposes, Net	\$ 241,875	\$ 353,000	\$ 453,000	\$ 300,000	\$ 250,000	\$ 200,000	\$ 200,000	\$ 200,000	\$	\$
Federal, State and Local Aid Not Restricted								12,837	3,146,656	320,256
Tuition Received	6,884,244	7,379,312	6,673,808	7,468,348	8,585,794	8,903,071	8,405,576	11,728,875	5,744,875	7,030,313
Investment Earnings	2,098	3,531	4,132	4,358	6,194	20,631	12,884	279		
Shared Services Revenue										
Miscellaneous Income	30,475	1,506,866	19,666	86,090	32,363	4,592	19,582	10,509	68,659	30,547
Fixed Assets Adjustment	467,767									
Right-to-Use Lease Adjustment									(4,589)	
Transfers	(28,872)		264,968	390,602	(40,074)	(89,960)	(79,023)	135,254	(120,575)	(58,792)
<b>Total Governmental Activities</b>	<b>7,597,587</b>	<b>9,242,709</b>	<b>7,415,574</b>	<b>8,249,398</b>	<b>8,834,277</b>	<b>9,038,334</b>	<b>8,559,019</b>	<b>12,087,754</b>	<b>8,835,026</b>	<b>7,322,324</b>
<b>Business-Type Activities</b>										
Prior Year Revenue Adjustment										
Transfer	28,872	(192,630)	(192,630)	(390,602)	40,074	89,960	79,023	(135,254)	120,575	
<b>Total Business-Type Activities</b>	<b>28,872</b>	<b>(192,630)</b>	<b>(192,630)</b>	<b>(390,602)</b>	<b>40,074</b>	<b>89,960</b>	<b>79,023</b>	<b>(135,254)</b>	<b>120,575</b>	
<b>Total District-Wide</b>	<b>\$ 7,626,459</b>	<b>\$ 9,050,079</b>	<b>\$ 7,222,944</b>	<b>\$ 7,858,796</b>	<b>\$ 8,874,351</b>	<b>\$ 9,128,294</b>	<b>\$ 8,638,042</b>	<b>\$ 11,952,500</b>	<b>\$ 8,955,601</b>	<b>\$ 7,322,324</b>
<b>Change in Net Position</b>										
<b>Governmental Activities</b>	<b>\$ 769,959</b>	<b>\$ (148,280)</b>	<b>\$ (576,198)</b>	<b>\$ (1,042,155)</b>	<b>\$ (186,163)</b>	<b>\$ (764,035)</b>	<b>\$ (546,061)</b>	<b>\$ 61,962</b>	<b>\$ 870,723</b>	<b>\$ 1,047,326</b>
<b>Business-Type Activities</b>	<b>739,965</b>	<b>1,264,811</b>	<b>123,260</b>	<b>576,052</b>	<b>48,623</b>	<b>(897,557)</b>	<b>(1,452,494)</b>	<b>(693,654)</b>	<b>(661,228)</b>	<b>145,775</b>
<b>Total District-Wide</b>	<b>\$ 1,509,924</b>	<b>\$ 1,116,531</b>	<b>\$ (452,938)</b>	<b>\$ (466,103)</b>	<b>\$ (137,540)</b>	<b>\$ (1,661,592)</b>	<b>\$ (1,998,555)</b>	<b>\$ (631,692)</b>	<b>\$ 209,495</b>	<b>\$ 1,193,101</b>

Source: ACFR Schedule A-2

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)  
 (Modified Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Maintenance Reserve	100,000	100,000	100,000	100,000	100,000	100,001	100,002	100,002	100,002	100,002
Assigned:										
Year-end Encumbrances	210	6,232	531	1,400	2,550				1,463,495	128,740
Subsequent Year's Expenditures					200,000	350,000	223,673	518,268		
Unrestricted - Unassigned	786,539	1,017,753	1,038,466	1,317,898	1,823,212	2,289,474	2,284,835	2,442,107	1,636,208	3,558,200
<b>Total General Fund</b>	<u>\$ 886,749</u>	<u>\$ 1,123,985</u>	<u>\$ 1,138,997</u>	<u>\$ 1,419,298</u>	<u>\$ 2,125,762</u>	<u>\$ 2,739,475</u>	<u>\$ 2,608,510</u>	<u>\$ 3,060,377</u>	<u>\$ 3,199,705</u>	<u>\$ 3,786,942</u>
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund								32,406	33,747	69,199
Capital Projects Fund										
<b>Total All Other Governmental Funds</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 32,406</u>	<u>\$ 33,747</u>	<u>\$ 69,199</u>

Source: ACFR Schedule B-1

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
County Tax Levy	\$ 241,875	\$ 353,000	\$ 453,000	\$ 300,000	\$ 250,000	\$ 200,000	\$ 200,000	\$ 200,000	\$	\$
Tuition Charges	6,884,244	7,379,312	6,673,808	7,468,348	8,585,794	8,903,071	8,405,576	8,731,069	7,366,945	7,030,313
Interest Earnings	2,098	3,531	4,132	4,358	6,194	20,631	12,884	279		
Shared Services Revenue										
Miscellaneous	32,431	6,154	33,154	16,109	32,363	4,592	19,582	12,813	78,974	36,915
State Sources	906,807	1,041,058	1,125,049	1,319,372	1,610,431	1,735,176	1,914,298	2,348,021	2,985,750	2,893,032
Federal Sources	40,110	30,048	1,291					14,546	160,906	93,516
<b>Total Revenues</b>	<b>8,107,565</b>	<b>8,813,103</b>	<b>8,290,434</b>	<b>9,108,187</b>	<b>10,484,782</b>	<b>10,863,470</b>	<b>10,552,340</b>	<b>11,306,728</b>	<b>10,592,575</b>	<b>10,053,776</b>
<b>Expenditures</b>										
Instruction										
Regular										
Special Education Instruction	2,530,644	2,966,578	3,442,070	3,861,190	3,649,111	3,618,674	4,008,633	3,673,139	2,567,273	1,771,703
Support Services										
Student and Instruction Related Services	773,586	731,793	670,143	669,862	859,799	843,871	986,446	869,495	1,120,036	1,230,862
General Administrative Services	234,695	295,870	194,252	125,722	203,869	227,889	312,287	228,329	411,222	308,375
School Administrative Services	321,197	527,547	333,349	342,288	353,925	366,424	294,043	334,994	394,151	324,058
Central Services	303,466	265,254	256,149	211,707	278,895	395,006	392,425	409,979	396,258	582,616
Administrative Information Tech, Serv	78,624	60,753	96,936	45,486	64,258	70,897	84,830	93,425	90,149	92,229
Plant Operations and Maintenance	518,957	630,673	444,725	464,992	543,078	543,790	554,187	598,901	631,119	681,933
Pupil Transportation	62,599	48,112	41,301	32,880	25,035	19,175	18,870	18,742	22,276	38,231
Unallocated Employee Benefits	2,658,858	3,014,287	2,972,340	3,503,371	3,665,319	4,015,441	3,893,475	4,539,362	4,698,847	4,321,079
Capital Outlay	27,734	35,000	234,953	43,136	94,955	58,540	59,086	89,295		21,209
<b>Total Expenditures</b>	<b>7,510,360</b>	<b>8,575,867</b>	<b>8,686,218</b>	<b>9,300,634</b>	<b>9,738,244</b>	<b>10,159,707</b>	<b>10,604,282</b>	<b>10,855,661</b>	<b>10,331,331</b>	<b>9,372,295</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	597,205	237,236	(377,784)	(192,447)	746,538	703,673	(51,942)	451,067	261,244	681,481
<b>Other Financing Sources (Uses)</b>										
Bond & Capital Lease Proceeds			127,828							
Cancellation of Prior Year Receivables				82,146						
Transfers	(28,872)		264,968	390,602	(40,074)	(89,960)	(79,023)		(120,575)	(58,792)
<b>Total Other Financing Sources (Uses)</b>	<b>(28,872)</b>	<b></b>	<b>392,796</b>	<b>472,748</b>	<b>(40,074)</b>	<b>(89,960)</b>	<b>(79,023)</b>	<b></b>	<b>(120,575)</b>	<b>(58,792)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 568,333</b>	<b>\$ 237,236</b>	<b>\$ 15,012</b>	<b>\$ 280,301</b>	<b>\$ 706,464</b>	<b>\$ 613,713</b>	<b>\$ (130,965)</b>	<b>\$ 451,067</b>	<b>\$ 140,669</b>	<b>\$ 622,689</b>
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: ACFR Schedule B-2

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**GENERAL FUND OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<b>Fiscal Year Ended June 30,</b>	<b>Interest on Investments</b>	<b>Tuition Revenue</b>	<b>Rent</b>	<b>Refund of Prior Year Expenditure</b>	<b>Shared Service Revenue</b>	<b>Misc.</b>	<b>Total</b>
2023	\$ 4	\$ 7,030,313	\$	\$	\$	\$ 18,887	\$ 7,049,204
2022	150	7,366,945				67,168	7,434,263
2021	279	8,731,069				10,509	8,741,857
2020	12,884	8,405,576				19,582	8,438,042
2019	20,631	8,903,071				4,592	8,928,294
2018	6,194	8,585,794				29,476	8,621,464
2017	4,358	7,468,348				3,944	7,476,650
2016	4,132	6,673,808				19,666	6,697,606
2015	3,531	7,379,312				3,039	7,385,882
2014	2,098	6,884,244				30,475	6,916,817

Source: District Records

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2023	** 65,768	\$ 3,792,334,186	\$ 57,662	5.1%
2022	65,117	3,751,035,287	57,605	4.6%
2021	65,046	3,110,086,132	57,547	7.3%
2020	62,451	3,026,180,190	54,578	8.1%
2019	62,341	2,847,559,114	50,597	4.8%
2018	62,776	3,019,839,480	47,485	5.4%
2017	62,944	2,940,428,960	45,923	7.0%
2016	63,256	2,905,474,592	45,126	7.0%
2015	63,754	2,882,955,880	44,576	7.1%
2014	64,342	2,782,148,080	42,412	8.2%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income

<sup>c</sup> Per Capita Source: Regional Economic Information System

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

\*\* Estimates

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

<b><u>Function/Program</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Instruction										
Regular	3	3	3	3	3	14	14	11	4	
Special education	21	25	25	25	25	35	36	39	34	41
Other special education	26	30	30	30	30	7	7	7	7	
Vocational										
Other instruction										
Support Services:										
Tuition										
Student & instruction related services	20	22	22	22	24	104	94	94	79	94
General administrative services	1	1	1	1	1	1	1	1	1	1
School administrative services	2	3	3	3	3	4	4	4	4	3.5
Business administrative services	2.5	2.5	2.5	2.5	2.5	5.5	6.0	5.5	5.5	5.5
Plant operations and maintenance	2	1	1	1	1	2	2	2	2	3
Pupil transportation						1	1	1	1	1
Food Service						2	2	2	2	2
<b>Total</b>	<b><u>77.5</u></b>	<b><u>87.5</u></b>	<b><u>87.5</u></b>	<b><u>87.5</u></b>	<b><u>89.5</u></b>	<b><u>175.5</u></b>	<b><u>167.0</u></b>	<b><u>166.5</u></b>	<b><u>139.5</u></b>	<b><u>151.0</u></b>

**Source:** District Personnel Records  
 School Aide Position Report as of 9/30 each year.  
 Certified Staff report as of 10/15 each year.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**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
						Behavioral Disability	Emotionally Disturbed	Cognitive - Severe	Autistic	Multi-Handicapped				
2023	195	\$ 9,351,086	\$ 47,954	-9.49%	41	4:1	NA	NA	7.3 : 1	4.91:1	197.7	177.8	8.12%	89.95%
2022	195	10,331,331	52,981	35.33%	45	5.57:1	NA	NA	6.5 : 1	4.45:1	182.9	155.0	-9.75%	84.77%
2021	275	10,766,366	39,150	-6.59%	50	2.0 : 1	2.0 : 1	8.5 : 1	6.2 : 1	3.2 : 1	202.6	167.6	-12.09%	82.70%
2020	242	10,545,196	43,575	3.96%	50	6.8 : 1	3.4 : 1	13.0 : 1	4.6 : 1	4.8 : 1	177.9	163.0	-22.81%	91.62%
2019	241	10,101,257	41,914	9.53%	49	6.8 : 1	3.4 : 1	13.0 : 1	4.6 : 1	4.8 : 1	230.5	198.8	-8.36%	86.24%
2018	252	9,643,289	38,267	8.71%	40	4.0 : 1	5.0 : 1	5.0 : 1	5.0 : 1	6.0 : 1	251.5	218.0	-3.05%	86.68%
2017	263	9,257,498	35,200	9.36%	40	4.0 : 1	5.0 : 1	5.0 : 1	5.0 : 1	6.0 : 1	259.4	224.0	1.13%	86.35%
2016	262	8,433,265	32,188	11.18%	29	5.0 : 1	4.0 : 1	3.0 : 1	6.0 : 1	5.0 : 1	256.5	228.4	6.04%	89.05%
2015	295	8,540,867	28,952	10.66%	29	5.0 : 1	4.0 : 1	3.0 : 1	6.0 : 1	5.0 : 1	241.9	216.0	2.76%	89.29%
2014	286	7,482,626	26,163	-34.58%	26	5.0 : 1	4.0 : 1	3.0 : 1	6.0 : 1	5.0 : 1	235.4	204.9	52.26%	87.04%

**Sources:** District records, ASSA and Schedules J-12, J-14

**Note:** Enrollment based on June Student Placement Report

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- 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).

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

<b>District Building</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Elementary, Middle &amp; High</b>										
Daretown										
Square Feet	22,646	22,646	22,646	22,646	22,646	22,646	22,646	22,646	22,646	22,646
Capacity (students)	80	80	80	80	80	80	80	80	80	80
Enrollment	45	43	45	39	31	31	31	31	31	24
Cumberland										
Square Feet	32,619	32,619	32,619	32,619	32,619	32,619	32,619	32,619	32,619	32,619
Capacity (students)	80	80	80	80	80	100	100	100	100	100
Enrollment	75	93	100	88	100	100	100	100	100	100

**Other**

- Administration Building
- Square Feet
- Transportation
- Square Feet
- Maintenance Offices
- Square Feet

Number of Schools at June 30, 2023

- Elementary = 2
- Middle School = 2
- High School = 2
- Other =

**Source:** District records, ASSA

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**GENERAL FUND**  
**SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

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

School Facilities	Project #	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Daretown		\$ 95,563	\$ 110,044	\$ 110,069	\$ 86,800	\$ 84,472	\$ 63,340	\$ 66,098	\$ 58,547	\$ 51,829	\$ 41,823
Cumberland Campus		92,237	70,271	93,237	102,000	83,933	84,915	75,164	70,247	113,440	58,237
Mannington Twp. Reg. Day		41,393	100,469	61,057	131,120	61,057	39,039	34,404	57,432	28,960	
Total School Facilities		<u>229,193</u>	<u>280,784</u>	<u>264,363</u>	<u>319,920</u>	<u>229,462</u>	<u>187,294</u>	<u>175,666</u>	<u>186,226</u>	<u>194,229</u>	<u>100,060</u>
Other Facilities									1,161	2,442	4,052
Grand Total		<u>\$ 229,193</u>	<u>\$ 280,784</u>	<u>\$ 264,363</u>	<u>\$ 319,920</u>	<u>\$ 229,462</u>	<u>\$ 187,294</u>	<u>\$ 175,666</u>	<u>\$ 187,387</u>	<u>\$ 196,671</u>	<u>\$ 104,112</u>

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**  
*(UNAUDITED)*

<b>Company</b>	<b>Type of Coverage</b>	<b>Coverage</b>	<b>Deductible</b>
NJSBAIG	Property, Inland Marine and Automobile	\$ 175,000,000	\$ 500
	Boiler & Machinery - Property & Extra Expense	125,000,000	1,000
	Crime	500,000	500
	General Automobile Liability	20,000,000	
	Workman's Compensation Policy	Statutory	
	Educators Legal Liability Policy	20,000,000	
	Pollution Legal Liability	3,000,000	
	Pollution		25,000
	Mold		100,000
	Cyber Liability	2,000,000	50,000-100,000
	Crisis & Disaster Management Services	1,000,000	10,000
Conner Strong	<b>Student Accident Policy</b>		
	Full Excess Maximum Benefit Amount	5,000,000	25,000
Ohio Casualty Ins Co.	<b>Surety Bonds</b>		
	Business Administrator	155,000	

**Source: District Records**

**SINGLE AUDIT SECTION**

# **NIGHTLINGER, COLAVITA & VOLPA**

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*Certified Public Accountants*

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## **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**

The Honorable President and  
Members of the Board of Education  
Salem County Special Services School District  
County of Salem, New Jersey 08079

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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 Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board of Education of the Salem County Special Services School District's basic financial statements, and have issued our report thereon dated December 5, 2023.

### **Report on Internal Control Over Financial Reporting**

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

**Reporting on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Salem County Special Services Board of Education's 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 financial statements. 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 instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Salem County Special Services School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Salem County Special Services School District's control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915  
December 5, 2023

# **NIGHTLINGER, COLAVITA & VOLPA**

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE NEW JERSEY OMB CIRCULAR 15-08**

The Honorable President and  
Members of the Board of Education  
Salem County Special Services School District  
County of Salem, New Jersey 08079

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

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

We have audited The Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of The Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey's major state programs for the year ended June 30, 2023. The Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

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

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; and the audit requirements of the Office of School Finance, *Department of Education, State of New Jersey*, and New Jersey OMB 15-08. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of The Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey's state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and New Jersey OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and New Jersey OMB 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of The Board of Education of the Salem County Special Services School District, in the County of Salem, State of New Jersey's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915  
December 5, 2023

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022	Cash Received	Budgetary Expenditures	Budgetary Expenditures	Total Budgetary Expenditures	Balance at June 30, 2023		
					From	To			Pass Through Funds	Direct	(A)	(Accounts Receivable)	Unearned Revenue	
<b>U.S. Department of Agriculture</b>														
<b>Passed-through State Department of Education:</b>														
Enterprise Fund:														
Child Nutrition Cluster:														
Cash Assistance:														
School Breakfast Program	10.553	231NJ304N1199	N/A	39,854	7/1/22	6/30/23	\$	\$ 39,854	\$ (39,854)	\$	(39,854)	\$	\$	
National School Lunch Program	10.555	231NJ304N1199	N/A	78,709	7/1/22	6/30/23		78,709	(78,709)		(78,709)			
SFSP - Summer Food	10.559	231NJ304N1199	N/A	3,236	7/1/22	6/30/23		3,236	(3,236)		(3,236)			
SFSP - Summer Food Admin	10.559	231NJ304N1199	N/A	323	7/1/22	6/30/23		323	(323)		(323)			
Food Distribution Program	10.565	Unknown	N/A	9,393	7/1/22	6/30/23		9,393	(9,393)		(9,393)			
Supply Chain Assistance	10.555	221NJ344N8903	N/A	23,642	7/1/22	6/30/23		23,642	(23,642)		(23,642)			
Total U.S. Department of Agriculture								155,157	(155,157)		(155,157)			
<b>U.S. Department of Education</b>														
<b>Passed-through State Department of Education:</b>														
Special Revenue Fund:														
Cares Act 2020/ESSER	84.425D	S425D200027	CARES-5840-20	20,000	7/1/20	6/30/22			(20,000)		(20,000)	(20,000)		
CRRSA-CR Non-Title I	84.425D	S425D210027	CRRSA-5840-23	65,720	3/13/20	9/30/23		14,768	(49,720)		(49,720)	(34,952)		
ARP Non-Title I	84.425U	Unknown	ARP-5840-24	131,440	3/13/20	9/30/24		13,080	(23,796)		(23,796)	(10,716)		
Total U.S. Department of Education								27,848	(93,516)		(93,516)	(65,668)		
Total Federal Financial Awards							\$	\$ 183,005	\$ (248,673)	\$	(248,673)	\$ (65,668)	\$	

(A) There were no awards passed through to subrecipients.

The accompanying Notes to Financial Statements and Notes to the Schedules of Financial Assistance are an integral part of this schedule.  
A Single Audit was not required in accordance with Uniform Guidance since the total of all federal grant expenditures was less than \$750,000.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Balance at June 30, 2023		Cumulative Total Expenditures
				(Accounts Receivable)	Due to Grantor			(Accounts Receivable)	Due to Grantor	
<b>State Department of Education:</b>										
General Fund:										
Reimbursed TPAF Social Security Contrib.	23-495-034-5094-003	\$ 326,946	7/1/22-6/30/23	\$	\$	\$ 294,698	\$ (326,946)	\$ (32,248)	\$	\$ 326,946
On Behalf TPAF Pension Contribution	23-495-034-5094-002	2,031,321	7/1/22-6/30/23			2,031,321	(2,031,321)			2,031,321
On Behalf TPAF Post Retirement Med'l. Contrib.	23-495-034-5094-001	533,623	7/1/22-6/30/23			533,623	(533,623)			533,623
On-behalf TPAF Long-Term Disability	23-495-034-5094-004	1,142	7/1/22-6/30/23			1,142	(1,142)			1,142
Total General Fund:						2,860,784	(2,893,032)	(32,248)		2,893,032
<b>State Department of Agriculture:</b>										
Enterprise Fund:										
School Breakfast Program (State Share)		2,224	7/1/22-6/30/23			2,224	(2,224)			2,224
National School Lunch Program (State Share)	23-100-010-3350-023	1,874	7/1/22-6/30/23			1,874	(1,874)			1,874
Total Enterprise Fund:						4,098	(4,098)			4,098
Total State Financial Assistance				\$	\$	\$ 2,864,882	\$ (2,897,130)	\$ (32,248)	\$	\$ 2,897,130
Less: On-Behalf TPAF Pension System Contributions										
On Behalf TPAF Pension Contribution	23-495-034-5094-002	2,031,321	7/1/22-6/30/23			\$ 2,031,321	\$ (2,031,321)			
On Behalf TPAF Post Retirement Med'l. Contrib.	23-495-034-5094-001	533,623	7/1/22-6/30/23			533,623	(533,623)			
On-behalf TPAF Long-Term Disability	23-495-034-5094-004	1,142	7/1/22-6/30/23			1,142	(1,142)			
Total State Financial Assistance - Major Program Determination						\$ 298,796	\$ (331,044)			

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

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2023**

**NOTE 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Salem County Special Services School District. 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 are included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service 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 information in this schedule is presented in accordance with the requirements of 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A., 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. 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 special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A., 18A:22-44.2*.

There were no net adjustments to reconcile from the budgetary basis to the GAAP basis for the general or special revenue funds. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT.**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2023**

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 2,893,032	\$ 2,893,032
Special Revenue Fund	93,516		93,516
Food Service Fund	155,157	4,098	159,255
Total Awards & Financial Assistance	<u>\$ 248,673</u>	<u>\$ 2,897,130</u>	<u>\$ 3,145,803</u>

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

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

**NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING**

The Salem County Special Services School District had no outstanding loans at June 30, 2023.

**NOTE 6: OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. 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, 2023. 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, 2023.

**NOTE 7: SCHOOLWIDE PROGRAM FUNDS**

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

**NOTE 8: MAJOR PROGRAMS**

The award designated as a major program, if applicable, is identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

**NOTE 9: ADJUSTMENTS**

There were no adjustments included on Schedule A and B.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Significant deficiencies identified? \_\_\_\_\_ yes       X       no

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes       X       no

**Federal Awards**      **N/A**

Internal control over major programs:

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

2) Significant deficiencies identified? \_\_\_\_\_ yes \_\_\_\_\_ no

Type of auditor's report issued on compliance for major programs: **N/A**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)? \_\_\_\_\_ yes \_\_\_\_\_ no

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
N/A		

Dollar threshold used to distinguish between type A and type B programs (section 518): **N/A**

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

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(continued)**

**Section I - Summary of Auditor's Results (continued)**

**State Awards**

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

Internal control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  no

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable? \_\_\_\_\_ yes  X  no

Identification of major programs:

**State Grant/Project Number(s)**

**Name of State Program**

23-495-034-5094-003

Reimbursed TPAF Social Security Contrib.

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(continued)**

**Section II - Financial Statement Findings**

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Treasury Circular 15-08 audit.

**Finding: None**

**Criteria or specific requirement:**

**Condition:**

**Effect:**

**Cause:**

**Recommendation:**

**Views of responsible officials and planned corrective actions:**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (CONT'D)**

**Section III - Federal Awards and State Financial Assistance  
Findings and Questioned Costs**

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

**FEDERAL AWARDS**

**Finding:** N/A

**Information on the federal program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Effect:**

**Cause:**

**Recommendation:**

**Views of responsible officials and planned corrective actions:**

**STATE AWARDS**

**Finding:** None

**Information on the state program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**SALEM COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AS  
PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED JUNE 30, 2023**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Treasury Circular 15-08.

**STATUS OF PRIOR - YEAR FINDINGS**

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings, with the exception of the following:

**Finding: 2022-1 (AMR Finding 2022-2)**

**Condition:**

The board contribution to cover enterprise fund deficits was not board approved through a transfer resolution.

**Status:**

Resolved