

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

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

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

Comprehensive Annual Financial Report

of the

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

For the Fiscal Year Ended June 30, 2012

Prepared by

Atlantic County Special Services School District
Board of Education
Finance Department

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Introductory Section

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Lizabeth R. Buoro
Superintendent
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Fax (609) 625-8124

Lisa Mooney
School Business Administrator
(609) 625-5687
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November 16, 2012

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

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

The comprehensive annual financial report of the Atlantic County Special Services School District (District) for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements, required supplemental information, and other supplementary information, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, and State Treasury Circular Letter 04-04 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

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

In addition to a wide range of on-site and off-campus programs for enrolled students, the Board of Education provides itinerant shared services including occupational therapy, physical therapy, speech/language therapy, counseling, behavioral consultation, nursing services, homebound instruction, and child study team evaluation/services to students in Local Educational Agencies. An educational component and nursing services are also provided to youth housed at the Harborfields juvenile detention facility.

2) ECONOMIC CONDITION AND OUTLOOK: Budget restrictions continue to have an impact on the district's economic outlook. Although our district does not directly receive state aid or stimulus funds, the cuts to our sending districts have had an effect on our budget planning, particularly in light of decreased student enrollment. Enrollment numbers however remained stable in 2011/2012 with actual enrollment reaching the budgeted number during the school year. Controlling transportation costs has been challenging with a substantial increase to contracts in the 2011/2012 budget. We will continue to closely monitor actual student enrollment numbers, modify spending as needed, and gather data to effectively project tuition revenues for the 2013/2014 budget.

3) MAJOR INITIATIVES: A key district-wide initiative in place this year is the comprehensive training of all certificated staff members in the Danielson Model for Teacher Evaluation, in order to comply with EE4NJ/TeachNJ teacher evaluation reform mandates and prepare for full implementation of new observation/evaluation instruments as of September 2013. Costs for training, materials, and computer-based evaluation programs will be built into the 2013/2014 and subsequent year budgets.

In response to identified needs from our sending districts, and the ongoing state Department of Education initiative to share services, we will increase itinerant/shared services offerings to Local Educational Agencies, including the continuation of a Multiply Disabled Host Class in the Brigantine School District. A new Behavior Disabilities program for Middle and High School aged students has been implemented this year, as the result of a needs survey completed by sending districts in the Spring of 2012.

Comprehensive staff development activities, including Non-Violent Crisis Intervention (NVCi) training and the Olweus bullying prevention program, serve to provide consistent frameworks within which to address significant behavior issues and facilitate the development of pro-social skills. Policies and procedures have been approved and are

being implemented as required to address state Harassment, Intimidation and Bullying (HIB) mandates.

Our School to Work Career Exploration program continues to grow, offering disabled students in Atlantic County the opportunity to receive real-life, meaningful work experiences in their home communities. This year we have expanded our Career Exploration program to include Student Internships. Our Community-based Partners include the Harrah's family of casinos, Atlantic City Regional Medical Center (City and Mainland divisions), the Richard Stockton College of New Jersey, Shore Memorial Hospital, Meadowview Nursing Home, Atlantic/Cape Community College, the Atlantic County Parks and Recreation Department, and the Food Bank Community of New Jersey.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

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

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

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

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

10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of the Ford-Scott & Associates, LLC. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

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

Respectfully submitted,

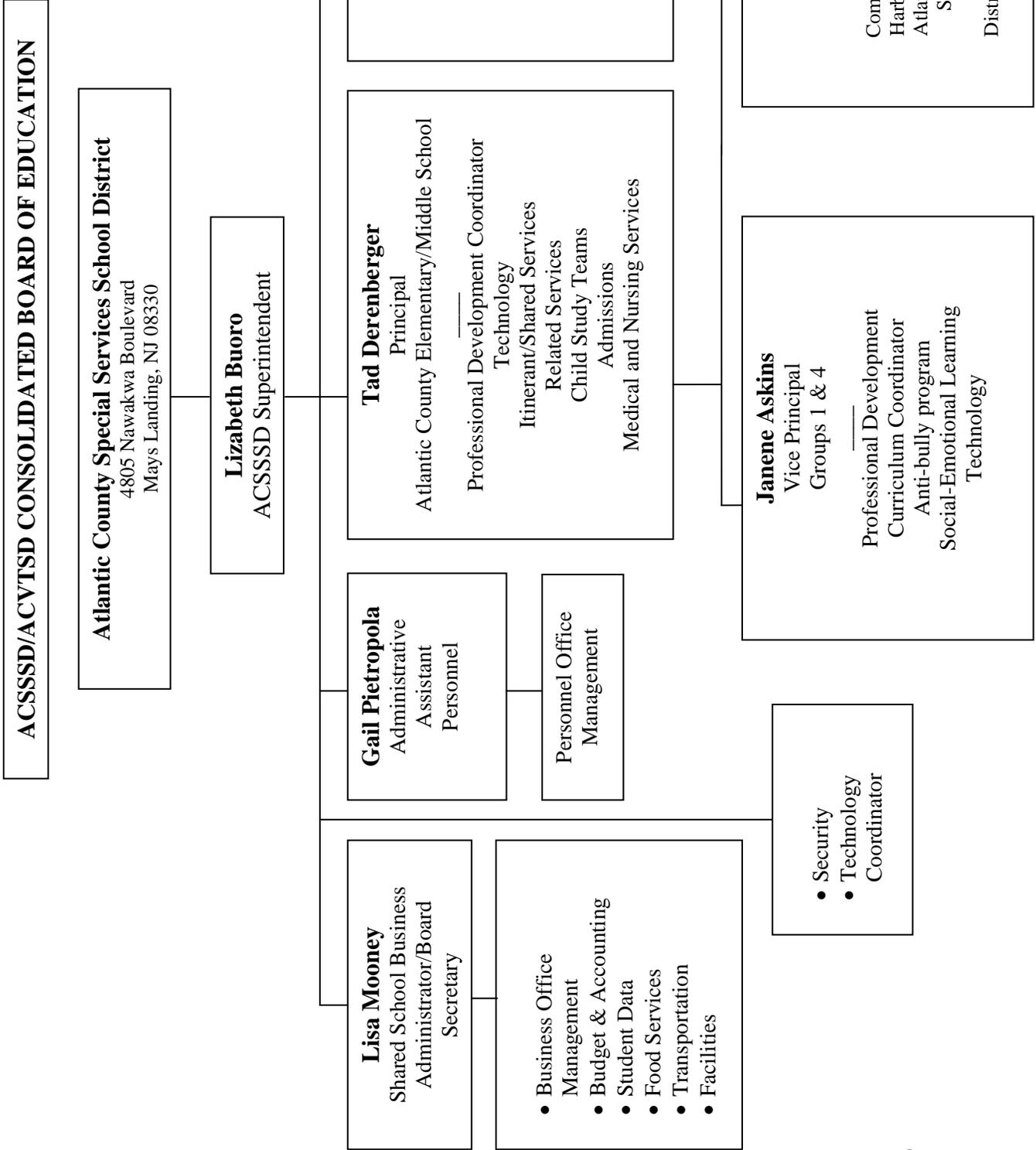


Lizabeth Buoro
Superintendent



Lisa Mooney, CPA
Business Administrator/
Board Secretary

ORGANIZATIONAL CHART 2011/2012
Effective September 1, 2011



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

MAYS LANDING, NEW JERSEY

ROSTER OF OFFICIALS
June 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Philip S. Munafo, President	2014
Augustus Harmon, Vice President	2013
Marilyn Gallagher	2013
Norman Hirschfeld	2015
Ellen Hyatt	2014
Joseph F. Zondlo	2015
Thomas Dowd	Ex-officio
Ann Sally Williams	Ex-officio
<u>Other Officials</u>	
Lizabeth Buoro, Superintendent	
Lisa Mooney, CPA, Board Secretary/Business Administrator	
Valerie Ritson, Assistant Board Secretary	
Anne Hyatt, Treasurer	

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

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Brigantine, NJ 08203

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Atlantic County Special Services School District (a component unit of the County of Atlantic) in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Atlantic County Special Services School's (a component unit of the County of Atlantic) management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type

activities, each major fund, and the aggregate remaining fund information of the Atlantic County Special Services School District (a component unit of the County of Atlantic), in the County of Atlantic, State of New Jersey as of June 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2012 on our consideration of the Atlantic County Special Services School Board of Education's (a component unit of the County of Atlantic) internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey Office of Management and Budget Circular 04-04 and is also not a required part of the basic financial statements. The supplementary information as listed in the table of contents and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Leon P. Costello, CPA
Licensed Public School Accountant
No. CS00767

Ford-Scott & Associates, LLC

Ford-Scott & Associates, LLC
Certified Public Accountants

November 16, 2012

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Required Supplemental Information
Part I

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Atlantic County Special Services School District's (a component unit of the County of Atlantic) ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net assets of the District decreased approximately \$1,400,000 due to an excess of expenditures over revenues.
- The State of New Jersey reimbursed the District \$627,236 during the fiscal year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. The State also contributed \$781,614 for TPAF Pension Contributions on-behalf of the district. These amounts, which are not budgeted, are included as both a revenue and appropriation in the financial statements.
- During the fiscal year ended June 30, 2012, the District's governmental activities expenditures were approximately \$1,500,000 more than total revenues. During the prior fiscal year, expenditures exceeded revenues by approximately \$330,000.
- In the District's business-type activities, net assets increased \$74,000 as a result of an excess of revenues over expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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

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

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

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

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

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

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

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

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

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

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

Fund Financial Statements

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

The District has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's governmental activities net assets decreased between fiscal years 2012 and 2011 as a result of an excess of expenditures over revenues. The business-type activities net assets increased due to the excess of revenues over expenses.

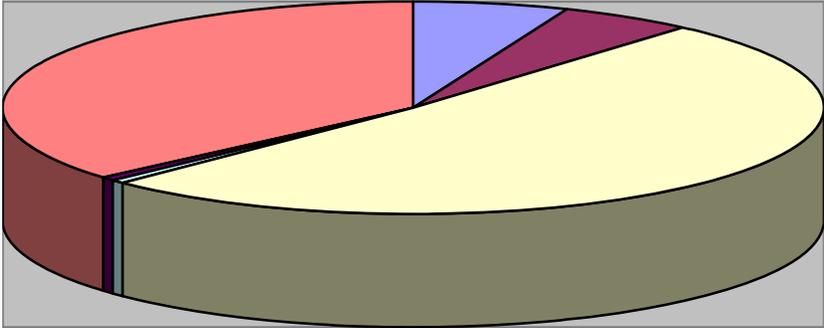
	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
Current and other assets	\$ 4,374,590	\$ 5,131,970	2,540,428	2,541,426
Capital assets	22,859,252	23,554,439	1,803,526	1,790,147
Total assets	27,233,842	28,686,409	4,343,954	4,331,573
Long-term liabilities	502,440	544,734	560,377	606,329
Other liabilities	400,381	302,581	42,736	58,203
Total liabilities	902,821	847,315	603,113	664,532
Net assets				
Invested in capital assets	22,859,252	23,554,439	1,436,445	1,398,487
Restricted	351,949	220,876		
Unrestricted	3,119,820	4,063,779	2,304,396	2,268,554
Total net assets	\$ 26,331,021	27,839,094	3,740,841	3,667,041

Changes in net assets. The total revenue of the District increased approximately \$1,055,000 due to an increase in revenues of the enterprise funds.

Approximately 51% of the District's revenue comes from tuition contracts with various districts within Atlantic County and the surrounding Counties. The County of Atlantic levies property taxes on properties located in the county. This tax is collected by the various municipalities and remitted to the County on a quarterly basis. A portion of this tax levy is appropriated in the County's annual budget and remitted to the District. The District expenses are primarily related to instruction, administration, and plant operations.

	2012		2011	
	Amount	Percentage	Amount	Percentage
County Appropriation	\$ 1,999,800	6.22%	\$ 1,980,000	6.36%
Unrestricted State aid	1,623,163	5.05%	1,316,894	4.23%
Tuition	16,440,380	51.11%	17,736,399	57.01%
Charges for Services	11,732,313	36.47%	9,701,081	31.18%
Operating Grants and Contributions	255,168	0.79%	224,870	0.72%
Other	117,072	0.36%	153,623	0.49%
Totals	\$ 32,167,896	100.00%	31,112,867	100.00%

2012 Revenue



- County Appropriation
- State Aid
- Tuition
- Grants
- Other
- Charges for Service

Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2012 and 2011 fiscal years.

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program revenue						
Charges for services	16,440,380	17,736,399	11,732,313	9,701,081	28,172,693	27,437,480
Federal grants	8,798	-	205,824	212,264	214,622	212,264
State and Local Grants	37,666	9,783	2,880	2,823	40,546	12,606
General revenues						
County Appropriation	1,999,800	1,980,000			1,999,800	1,980,000
State aid entitlements	1,623,163	1,316,894			1,623,163	1,316,894
Other	116,293	151,855	779	1,768	117,072	153,623
Total revenues	<u>20,226,100</u>	<u>21,194,931</u>	<u>11,941,796</u>	<u>9,917,936</u>	<u>32,167,896</u>	<u>31,112,867</u>
Expenses						
Instruction:						
Other special instruction	11,219,541	11,149,057			11,219,541	11,149,057
Other instruction	1,151,081	1,103,773			1,151,081	1,103,773
Support services:						
Student & instruction related services	4,212,370	4,251,924			4,212,370	4,251,924
District administration services	899,144	1,090,689			899,144	1,090,689
General & business admin services	1,632,110	1,601,949			1,632,110	1,601,949
Plant operations & maintenance	2,327,684	2,196,979			2,327,684	2,196,979
Pupil transportation	44,453	56,145			44,453	56,145
Capital Outlay	32,246	-			32,246	-
Business-type activities			12,083,540	10,929,719	12,083,540	10,929,719
Total expenses	<u>21,518,629</u>	<u>21,450,516</u>	<u>12,083,540</u>	<u>10,929,719</u>	<u>33,602,169</u>	<u>32,380,235</u>
(Deficiency) before Transfers	(1,292,529)	(255,585)	(141,744)	(1,011,783)	(1,434,273)	(1,267,368)
Transfers	(215,544)	(74,340)	215,544	74,340	-	-
Increase/(Decrease) in net assets	<u>(1,508,073)</u>	<u>(329,925)</u>	<u>73,800</u>	<u>(937,443)</u>	<u>(1,434,273)</u>	<u>(1,267,368)</u>

Business-type Activities

Revenues of the District's business-type activities increased approximately 20% when compared to the previous fiscal year while expenditures increased 11% over the past fiscal year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$3,974,209 which is \$855,180 lower than the beginning of the year. The most significant changes are a decrease in the tuition charges and an increase in the capital outlay.

General Fund Budgetary Highlights

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

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Pension Contributions, which are not budgeted, the District's budget revenue exceeded the actual revenues by \$227,121. This is a result of a smaller student population than anticipated. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by \$1,398,676. The most significant variances occurred in the area of salaries. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the District had invested \$24.7 million (net of accumulated depreciation) in a broad range of capital assets, including land, buildings, vehicles and machinery. This amount represents a net decrease (including additions and deductions) of \$691,808 or 3%, over last year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 626,272	\$ 636,272	73,500	73,500	699,772	709,772
Construction in Progress	3,957	24,467	-	-	3,957	24,467
Buildings and Improvement:	21,561,403	22,117,771	359,125	372,286	21,920,528	22,490,057
Machinery and Equipment	657,620	775,929	1,370,901	1,344,361	2,028,521	2,120,290
Total	<u>\$ 22,849,252</u>	<u>23,554,439</u>	<u>1,803,526</u>	<u>1,790,147</u>	<u>24,652,778</u>	<u>25,344,586</u>

Long-term Debt

New Jersey State Statutes governing Type I School Districts require the bonded debt be assumed by the County and provision for amortization of principal and interest on the outstanding debt is included in the County budget. The District is party to a capital lease for the purchase of school buses. Refer to the Note 6 to the Financial Statements for more detailed information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District budget for the 2013 fiscal year includes very little expansion for equipment acquisitions.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of all funds as of June 30, 2012

DISTRICT-WIDE FINANCIAL STATEMENTS

The district-wide financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of the governmental and business-like funds as of June 30, 2012

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Net Assets
6/30/2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,139,631	1,608,319	5,747,950
Receivables, net	234,959	916,456	1,151,415
Inventory		15,563	15,563
Prepaid Expenses		90	90
Capital assets not being depreciated:			
Land	636,272	73,500	709,772
Construction in Progress	3,957		3,957
Capital assets, net of accumulated depreciation	<u>22,219,023</u>	<u>1,730,026</u>	<u>23,949,049</u>
Total Assets	<u>27,233,842</u>	<u>4,343,954</u>	<u>31,577,796</u>
LIABILITIES			
Other payables	54,432	42,736	97,168
Deferred Revenues	9,056		9,056
Intergovernmental payable	336,893		336,893
Noncurrent liabilities:			
Due within one year	20,780	244,111	264,891
Due beyond one year	<u>481,660</u>	<u>316,266</u>	<u>797,926</u>
Total liabilities	<u>902,821</u>	<u>603,113</u>	<u>1,505,934</u>
NET ASSETS			
Invested in capital assets, net of related debt	22,859,252	1,436,445	24,295,697
Restricted for:			
Other purposes	351,949		351,949
Unrestricted	<u>3,119,820</u>	<u>2,304,396</u>	<u>5,424,216</u>
Total net assets	<u>\$ 26,331,021</u>	<u>3,740,841</u>	<u>30,071,862</u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Other special instruction	8,093,133	3,126,408	16,440,380	46,464	5,267,303		5,267,303
Other instruction	830,324	320,757			(1,151,081)		(1,151,081)
Support services:							
Student & instruction related services	3,038,562	1,173,808			(4,212,370)		(4,212,370)
School administrative services	648,591	250,553			(899,144)		(899,144)
General and business administrative services	1,177,310	454,800			(1,632,110)		(1,632,110)
Plant operations and maintenance	1,679,058	648,626			(2,327,684)		(2,327,684)
Pupil transportation	32,066	12,387			(44,453)		(44,453)
Unallocated benefits	5,987,339	(5,987,339)			-		-
Capital Outlay	32,246				(32,246)		(32,246)
Total governmental activities	21,518,629	-	16,440,380	46,464	(5,031,785)	-	(5,031,785)
Business-type activities:							
Food Service	718,931		251,792	208,704		(258,435)	(258,435)
Transportation	7,575,920		8,379,071			803,151	803,151
Instruction	3,788,689		3,101,450			(687,239)	(687,239)
Total business-type activities	12,083,540		11,732,313	208,704		(142,523)	(142,523)
Total primary government	\$ 33,602,169		28,172,693	255,168	(5,031,785)	(142,523)	(5,174,308)
General revenues:							
Taxes:							
County Appropriation					1,999,800		1,999,800
Federal and State aid not restricted					1,623,163		1,623,163
Other restricted miscellaneous revenue					769		769
Miscellaneous Income					107,785		107,785
Transfers					(215,544)	215,544	-
Cancellation of Prior Year Payables					7,739	779	8,518
Total general revenues, special items, extraordinary items and transfers					3,523,712	216,323	3,740,035
Change in Net Assets					(1,508,073)	73,800	(1,434,273)
Net Assets—beginning					27,839,094	3,667,041	31,506,135
Net Assets—ending					26,331,021	3,740,841	30,071,862

FUND FINANCIAL STATEMENTS

The combining and individual fund and account group statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type. The statements are segregated as follows:

Governmental Funds - This section consists of the general fund and the special revenue funds.

Proprietary Funds - This section consists of the food service fund, the transportation enterprise fund, and the Teachers Aide enterprise fund. The proprietary fund is operated in a manner similar to a private business enterprise.

Fiduciary Funds - This section consists of the unemployment compensation insurance trust fund, the financial aid trust fund, the student activity fund, and the payroll agency fund.

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Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,113,393	26,238		4,139,631
Due from other funds	72,787			72,787
Receivables from other governments	162,172		72,787	234,959
Total assets	4,348,352	26,238	72,787	4,447,377
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	37,250	17,182		54,432
Intergovernmental payable	336,893			336,893
Deferred Revenues		9,056		9,056
Due to other funds			72,787	72,787
Total liabilities	374,143	26,238	72,787	473,168
Fund Balances:				
Committed to:				
Capital Reserve	306,070			306,070
Maintenance Reserve	50,000			50,000
Designated for subsequent years expenditures	1,009,774			1,009,774
Assigned to:				
Encumbrances	45,879			45,879
Unassigned:				
General fund	2,562,486			2,562,486
Total Fund balances	3,974,209	-	-	3,974,209
Total liabilities and fund balances	\$ 4,348,352	26,238	72,787	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 22,859,252

Some liabilities, such as compensated absences and capital leases, are not due and payable in the current period and therefore are not reported in the funds. (502,440)

Net assets of governmental activities \$ 26,331,021

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
County Appropriation	\$ 1,999,800			1,999,800
Tuition - from LEAs	15,655,905			15,655,905
Other tuition	678,400			678,400
Non resident fees	106,075			106,075
Other restricted miscellaneous revenue	769			769
Miscellaneous	107,785	37,666		145,451
State sources	1,408,850		72,787	1,481,637
Federal sources	141,526	8,798		150,324
	<u>20,099,110</u>	<u>46,464</u>	<u>72,787</u>	<u>20,218,361</u>
Total revenues				
EXPENDITURES				
Current:				
Other special instruction	7,622,112	13,686		7,635,798
Other instruction	783,403			783,403
Support services and undistributed costs:				
Student & instruction related services	2,866,325	531		2,866,856
School administrative services	611,940			611,940
Other administrative services	357,719			357,719
Central Services	679,664			679,664
Admin Information Technology	73,399			73,399
Plant operations and maintenance	1,584,176			1,584,176
Pupil transportation	30,253			30,253
Unallocated Benefits	5,987,339			5,987,339
Capital outlay	60,658	32,247	162,284	255,189
Total expenditures	<u>20,656,988</u>	<u>46,464</u>	<u>162,284</u>	<u>20,865,736</u>
Excess (Deficiency) of revenues over expenditures	<u>(557,878)</u>	<u>-</u>	<u>(89,497)</u>	<u>(647,375)</u>
OTHER FINANCING SOURCES (USES)				
Cancellation of Prior Year Payables	7,739			7,739
Increase in Capital Reserve	75,000			75,000
Transfer to Capital Reserve	(75,000)			(75,000)
Transfers in	9,425			9,425
Transfers out	(215,544)		(9,425)	(224,969)
Total other financing sources and uses	<u>(198,380)</u>		<u>(9,425)</u>	<u>(207,805)</u>
Net change in fund balances	(756,258)	-	(98,922)	(855,180)
Fund balance—July 1	4,730,467	-	98,922	4,829,389
Fund balance—June 30	<u>\$ 3,974,209</u>	<u>-</u>	<u>-</u>	<u>3,974,209</u>

**Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2012**

Total net change in fund balances - governmental funds (from B-2) \$ (855,180)

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

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

	(918,130)	
Depreciation expense		
Capital outlays	222,943	(695,187)

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

42,294

Change in net assets of governmental activities \$ (1,508,073)

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Net Assets
Proprietary Funds
June 30, 2012

Business-type Activities - Enterprise Funds					
	Food Service	Transportation	Itinerant/ Shared Services	Non-Major Funds	Totals
ASSETS					
Current assets:					
Cash and cash equivalents		1,220,507	312,666	75,146	1,608,319
Accounts receivable					
Federal	\$ 11,939				11,939
State	180				180
Other	10,957	466,277	344,184	82,919	904,337
Interfund Receivable		169,331			169,331
Prepaid Expenses	90				90
Inventory	15,563				15,563
Total current assets	<u>38,729</u>	<u>1,856,115</u>	<u>656,850</u>	<u>158,065</u>	<u>2,709,759</u>
Noncurrent assets:					
Land and Improvements		73,500			73,500
Buildings and Improvements		510,210			510,210
Furniture, machinery & equipment	584,587	2,947,827			3,532,414
Less accumulated depreciation	(401,592)	(1,911,006)			(2,312,598)
Total noncurrent assets	<u>182,995</u>	<u>1,620,531</u>	<u>-</u>	<u>-</u>	<u>1,803,526</u>
Total assets	<u>221,724</u>	<u>3,476,646</u>	<u>656,850</u>	<u>158,065</u>	<u>4,513,285</u>
LIABILITIES					
Current liabilities:					
Accounts Payable	647	979	1,541	33,863	37,030
Interfund payable	146,058			23,273	169,331
Other Current Liabilities		5,706			5,706
Capital Lease Payable		244,111			244,111
Total current liabilities	<u>146,705</u>	<u>250,796</u>	<u>1,541</u>	<u>57,136</u>	<u>456,178</u>
Noncurrent Liabilities					
Capital Lease Payable		122,970			122,970
Compensated Absences	11,020	182,276			193,296
Total noncurrent liabilities	<u>11,020</u>	<u>305,246</u>	<u>-</u>	<u>-</u>	<u>316,266</u>
Total liabilities	<u>157,725</u>	<u>556,042</u>	<u>1,541</u>	<u>57,136</u>	<u>772,444</u>
NET ASSETS					
Invested in capital assets net of related debt	182,995	1,253,450			1,436,445
Unrestricted	(118,996)	1,667,154	655,309	100,929	2,304,396
Total net assets	<u>\$ 63,999</u>	<u>2,920,604</u>	<u>655,309</u>	<u>100,929</u>	<u>3,740,841</u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Fund				Totals
	Food Service	Transportation	Itinerant/ Shared Services	Non-Major Funds	
Operating revenues:					
Charges for services:					
Daily sales - reimbursable programs	\$ 251,792				251,792
Transportation Fees		8,379,071			8,379,071
Fees for Service			2,578,198	121,180	2,699,378
County Aid Payments				402,072	402,072
Total operating revenues	<u>251,792</u>	<u>8,379,071</u>	<u>2,578,198</u>	<u>523,252</u>	<u>11,732,313</u>
Operating expenses:					
Cost of sales	261,973				261,973
Salaries and wages	237,744	2,788,829	2,087,102	496,916	5,610,591
Employee Benefits	174,082	2,379,207	1,060,025	109,619	3,722,933
Other Purchased Services			25,060		25,060
Transportation Operations		972,699			972,699
Other objects	2,797				2,797
Interest		13,101			13,101
Contracted Services		1,107,596			1,107,596
General Administrative Expenses				5,665	5,665
Travel			106	1,852	1,958
Materials and supplies	3,455			2,344	5,799
Depreciation	38,880	314,488			353,368
Total Operating Expenses	<u>718,931</u>	<u>7,575,920</u>	<u>3,172,293</u>	<u>616,396</u>	<u>12,083,540</u>
Operating income/(loss)	<u>(467,139)</u>	<u>803,151</u>	<u>(594,095)</u>	<u>(93,144)</u>	<u>(351,227)</u>
Nonoperating revenues:					
Cancellation of prior year payables	779				779
State sources:					
State school lunch program	2,880				2,880
Federal sources:					
National school breakfast program	68,943				68,943
National school lunch program	119,293				119,293
Food Distribution Program	17,588				17,588
Total nonoperating revenues	<u>209,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,483</u>
Income/(Loss) before contributions & transfers	<u>(257,656)</u>	<u>803,151</u>	<u>(594,095)</u>	<u>(93,144)</u>	<u>(141,744)</u>
Transfers in					
Operating transfer in - general fund	215,544				215,544
Operating transfer in - teachers aide fund	171,683				171,683
Operating transfer out - food service fund			(171,683)		(171,683)
Total transfers in	<u>387,227</u>	<u>-</u>	<u>(171,683)</u>	<u>-</u>	<u>215,544</u>
Change in net assets	129,571	803,151	(765,778)	(93,144)	73,800
Total net assets—beginning	<u>(65,572)</u>	<u>2,117,453</u>	<u>1,421,087</u>	<u>194,073</u>	<u>3,667,041</u>
Total net assets—ending	<u>\$ 63,999</u>	<u>2,920,604</u>	<u>655,309</u>	<u>100,929</u>	<u>3,740,841</u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

Business-type Activities -
Enterprise Funds

	Food Service	Transportation	Itinerant/ Shared Services	Non-Major Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 251,512	8,658,925	2,534,312	526,259	11,971,008
Payments to employees	(237,744)	(2,810,202)	(2,087,102)	(467,521)	(5,602,569)
Payments for benefits	(174,082)	(2,379,207)	(1,060,025)	(109,619)	(3,722,933)
Payments for suppliers	(236,410)	(2,133,072)	(27,178)	(13,052)	(2,409,712)
Net cash provided by/(used for) operating activities	<u>(396,724)</u>	<u>1,336,444</u>	<u>(639,993)</u>	<u>(63,933)</u>	<u>235,794</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State Sources	2,700				2,700
Federal Sources	176,297				176,297
Operating subsidies and transfers to other funds	217,727	(169,331)	143,875	23,273	215,544
Net cash provided by/(used for) non-capital financing activities	<u>396,724</u>	<u>(169,331)</u>	<u>143,875</u>	<u>23,273</u>	<u>394,541</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payment of Capital Leases		(391,326)			(391,326)
Net cash (used for) capital and related financing activities	<u>-</u>	<u>(391,326)</u>	<u>-</u>	<u>-</u>	<u>(391,326)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends					-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	-	775,787	(496,118)	(40,660)	239,009
Balances—beginning of year	-	444,720	808,784	115,806	1,369,310
Balances—end of year	<u>-</u>	<u>1,220,507</u>	<u>312,666</u>	<u>75,146</u>	<u>1,608,319</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating profit/(loss)	(467,139)	803,151	(594,095)	(93,144)	(351,227)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities					
Depreciation and net amortization	38,880	314,488			353,368
Federal Commodities	17,588				17,588
Cancellation of Prior Year Payables	779	-			779
(Increase)/Decrease in accounts receivable, net	(280)	279,854	(43,886)	3,007	238,695
(Increase) in prepaid expenses	(90)				(90)
Increase/(Decrease) in accounts payable	(150)	(43,140)	(471)	27,134	(16,627)
Decrease in Inventory	14,451				14,451
Increase/(Decrease) in Other Liabilities	(763)	3,464	(1,541)		1,160
Increase/(Decrease) in Compensated Absences	-	(21,373)			(21,373)
Increase/(Decrease) in Interfund Payable				(930)	(930)
Total adjustments	<u>70,415</u>	<u>533,293</u>	<u>(45,898)</u>	<u>29,211</u>	<u>587,021</u>
Net cash provided by/(used for) operating activities	<u>\$ (396,724)</u>	<u>1,336,444</u>	<u>(639,993)</u>	<u>(63,933)</u>	<u>235,794</u>

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 116,134	89,579	205,713
Total assets	<u>116,134</u>	<u>89,579</u>	<u>205,713</u>
LIABILITIES			
Due to the State of New Jersey	3,995		3,995
Payroll Deductions Payable		13,020	13,020
Payable to student groups		76,559	76,559
Total liabilities	<u>3,995</u>	<u>89,579</u>	<u>93,574</u>
NET ASSETS			
Held in trust for unemployment claims and other purposes	<u>\$ 112,139</u>		<u>112,139</u>

Exhibit B-8

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012**

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Employee Contributions	\$ 35,427
Total Contributions	35,427
Investment earnings:	
Interest	341
Net investment earnings	341
Total additions	35,768
DEDUCTIONS	
Unemployment claims	11,005
Miscellaneous	133
Total deductions	11,138
Change in net assets	24,630
Net assets—beginning of the year	87,509
Net assets—end of the year	\$ 112,139

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Board of Education (Board) of the Atlantic County Special Services School District (a component unit of the County of Atlantic) (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY:

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

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

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS:

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

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

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

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

The District allocates indirect costs such as depreciation expense and compensated absences.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

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

The following fund types are used by the District:

1. Governmental Funds:

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

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from serial bonds issued by the County.

2. Proprietary Funds:

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

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District's enterprise fund is comprised of the following:
 - Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District's cafeteria operations.

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

- Transportation Fund – This fund accounts for the revenues and expenses pertaining to the transportation services provided to other district within the State.
- Itinerant/Shared Service Fund – This fund accounts for the revenues and expenses pertaining to the various itinerant services provided to other districts within the County. This fund also accounts for the shared service agreements with the Atlantic County Institute of Technology.
- State Programs Fund – This fund accounts for the revenues and expenses pertaining to the educational programs and services provided through a contract with the State of new Jersey, Department of Human Services, Juvenile Justice Commission.
- Schools to Careers Fund – This fund accounts for the revenues and expenses pertaining to the School to Careers Program that provides activities in a non-traditional community based system that ensures appropriate employment for the graduates.
- County Projects Fund – This fund accounts for the revenues and expenses pertaining to agreements with Atlantic County government to provide educational services for the County.

3. Fiduciary Funds:

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

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

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

D. BASIS OF ACCOUNTING

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

1. Accrual:

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

2. Modified Accrual:

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

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

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

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

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

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

**Atlantic County Special Services School
 (A Component Unit of the County of Atlantic)
 Notes to the Financial Statements
 June 30, 2012**

Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

2. Investments:

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

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2012, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$ 12,944
Supplies	2,619
	\$ 15,563

4. Capital Assets:

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

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years

5. Fund Balances – Governmental Funds

The Atlantic County Special Services School District elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, ect.) 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 for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

6. Revenues:

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

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

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

7. Expenditures:

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

8. Compensated Absences:

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

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

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

9. Interfund Activity:

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

10. Budgets/Budgetary Control:

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

	<u>From</u>	<u>To</u>
Multiply Disabled - Salaries of Teachers	149,996	
Multiply Disabled - Other Salaries	47,797	
Cognitive - Severe - Salaries of Teachers		111,964
Cognitive - Severe - Other Salaries		38,621
Speech, OT, PT & Related services - Salaries		586,926
Extraordinary Services - Salaries	586,926	
Central Services - Salaries	27,374	
Required Maint. Of School Facilities - Supplies	40,732	
Required Maint. Of School Facilities - Salaries	185,774	
Other Retirement Contributions	104,033	
Health Benefits	18,983	
Required Maint. Of School Facilities - Equipment		33,801
School Administration - Salaries of Secretarial		
Operations & Maint. Of School Facilities - Salaries		135,774
Energy - Electricity		47,725
Energy - Natural Gas	31,232	
Transfer to Food Service - Board contribution		166,482
Autism - Salaries		37,822

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

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.

11. Encumbrances:

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

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

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

12. 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.

13. Use of Estimates

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

14. Allocation of Costs

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements" to improve financial reporting related to service concession arrangements (SCAs) which are a type of public-private or public-public partnership. This statement will become effective for fiscal periods beginning after December 15, 2011. This statement is not anticipated to have any effect on the District's financial reporting.

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The statement, which is effective for periods beginning after December 15, 2011, amends and supersedes several previously issued GASB statements to incorporate guidance that had been included in AICPA and FASB guidance. The statement will have a minimum, but undetermined impact on the proprietary fund financial statements of the District.

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position". The statement, which is effective for periods beginning after December 15, 2011, amends several previously issued GASB statements to standardize reporting of deferred inflows and outflows of financial resources. This statement is not anticipated to have any effect on the District's financial reporting.

NOTE 2. INVESTMENTS

As of June 30, 2012, the District had no investments.

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

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

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

NOTE 3. CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2011, \$0 of the District's bank balance of \$5,266,664 was exposed to custodial credit risk.

NOTE 4. CAPITAL RESERVE FUND

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

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

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011	\$ 220,876
Interest Earnings	769
Per Res. June 25, 2012	75,000
Tranferred from Capital Projects Fund	<u>9,425</u>
Ending Balance, June 30, 2012	<u><u>\$ 306,070</u></u>

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**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

NOTE 5. FIXED ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2012</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 636,272			636,272
Construction in Progress	24,467		(20,510)	3,957
Total capital assets not being depreciated	<u>660,739</u>	-	<u>(20,510)</u>	<u>640,229</u>
Bldg and bldg improve	28,706,059	182,795		28,888,854
Machinery & equipment	3,180,174	60,658		3,240,832
Total at historical cost	<u>31,886,233</u>	<u>243,453</u>	-	<u>32,129,686</u>
Less accum depr for:				
Bldg and improve	(6,588,288)	(739,163)		(7,327,451)
Equipment	(2,404,245)	(178,967)		(2,583,212)
Total accum deprec	<u>(8,992,533)</u>	<u>(918,130)</u>	-	<u>(9,910,663)</u>
Total capital assets being depr, net of accum depr	<u>22,893,700</u>	<u>(674,677)</u>	-	<u>22,219,023</u>
Governmental activities capital assets, net	<u><u>23,554,439</u></u>	<u><u>(674,677)</u></u>	<u><u>(20,510)</u></u>	<u><u>22,859,252</u></u>
Business-type activities:				
Capital assets that are not being depreciated:				
Land	\$ 73,500			73,500
Construction in Progress				-
Total capital assets not being depreciated	<u>73,500</u>	-	-	<u>73,500</u>
Building and improve	510,210			510,210
Equipment	4,010,408	366,747	(844,741)	3,532,414
Less accum depr for:				
Building and improve	(137,924)	(13,161)		(151,085)
Equipment	(2,666,047)	(340,207)	844,741	(2,161,513)
Business-type activities capital assets, net	<u><u>\$ 1,790,147</u></u>	<u><u>13,379</u></u>	<u><u>-</u></u>	<u><u>1,803,526</u></u>

**Atlantic County Special Services School
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Depreciation expense is charged to governmental functions as follows:

Other special instruction	\$	479,420
Other instruction		49,187
Student & instruction related services		179,998
School administrative expenses		38,421
General and business administration		69,741
Plant operations and maintenance		99,464
Pupil Transportation		1,899
	<u>\$</u>	<u>918,130</u>

NOTE 6. GENERAL LONG-TERM DEBT

Governmental Activities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Balance June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>	<u>Amounts Due Within One Year</u>
Compensated Absences Payable	\$ 544,734	29,667	71,961	502,440	20,780
	<u>\$ 544,734</u>	<u>29,667</u>	<u>71,961</u>	<u>502,440</u>	<u>20,780</u>

Business Type Activities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Balance June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>	<u>Amounts Due Within One Year</u>
Obligations under Capital Leases	\$ 391,660	366,747	391,326	367,081	244,111
Compensated Absences Payable	214,669		21,373	193,296	-
	<u>\$ 606,329</u>	<u>366,747</u>	<u>412,699</u>	<u>560,377</u>	<u>244,111</u>

**Atlantic County Special Services School
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Capital Leases – The District is leasing 6 Ford buses from Sun trust Equipment Finance totaling \$369,794 under a capital lease. Payments in the amount of \$126,835 commenced December 23, 2010 and are due each December 23. The final payment is due December 23, 2012. Included in each payment is interest at 2.29% per annum.

The District is leasing 7 Ford buses from Sun trust Equipment Finance totaling \$366,747 under a capital lease. Payments in the amount of \$125,859 commenced December 23, 2011 and are due each December 23. The final payment is due December 23, 2013. Included in each payment is interest at 2.35% per annum.

The following is a schedule of the future minimum lease payments under the capital leases and the net minimum lease payments at June 30, 2012.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	244,111	8,582	252,693
2013	<u>122,969</u>	<u>2,890</u>	<u>125,859</u>
Total	<u><u>367,080</u></u>	<u><u>11,472</u></u>	<u><u>378,552</u></u>

The following schedule lists the equipment, along with the accumulated depreciation, that has been obtained through capital leases:

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Remaining Value</u>
13 School Buses	<u>\$736,541</u>	<u>92,068</u>	<u>644,473</u>

NOTE 7. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

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Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2012, 2011 and 2010 were \$259,650, \$0, and \$0 respectively, and paid by the State of New Jersey on behalf of the board. The required contributions for 2011 and 2010 were not made by the State of New Jersey. The School District's contributions to PERS for the years ending June 30, 2012, 2011 and 2010 were \$933,017, \$903,107, and \$725,046 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2012, 2011 and 2010, the State of New Jersey contributed \$521,964, \$547,277, and \$535,983 respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$627,236, \$619,558, and

**Atlantic County Special Services School
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Notes to the Financial Statements
June 30, 2012**

\$623,283 during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c. 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

NOTE 9. COMPENSATED ABSENCES

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Assets. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences.

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

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

NOTE 10. DEFERRED COMPENSATION

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

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

NOTE 11. POSTEMPLOYMENT BENEFITS

In accordance with State statute, employees participating in the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) who retire after reaching age 55 and accumulating 25 years of credited service in either PERS or TPAF are eligible to receive post-retirement health care benefits. The cost of these benefits is actuarially determined and advance funded through contributions by the State. As of June 30, 2012 there were 8 employees who met the eligibility requirements for post-retirement healthcare benefits. The funded status and funding progress of post-retirement benefits is combined with the funded status and funding progress of pension benefits described in Note 8.

NOTE 12. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2012 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**Atlantic County Special Services School
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June 30, 2012**

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

<u>Fiscal Year</u>		<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$	-	35,768	11,138	112,139
2010-2011		-	34,956	36,732	87,509
2009-2010		-	40,431	18,532	89,285

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 72,787	
Capital Projects Fund		72,787
Total	<u>\$ 72,787</u>	<u>72,787</u>

All interfunds are created as a result of timing differences between cash requirements in various funds and the receipt of cash from funding agencies and to subsidize operating revenue in food service. During the 2012 fiscal year, the general fund made a permanent interfund transfer in the amount of \$215,544 to the enterprise fund to partially cover accumulated deficits in the District food service program. The capital fund made a permanent interfund transfer to the general fund in the amount of \$9,425 to return excess funds from a completed capital project. It is anticipated that all interfunds will be liquidated during the fiscal year.

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Financial Statements
June 30, 2012**

NOTE 13. LITIGATION

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

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$3,974,209 General Fund balance at June 30, 2012, \$1,009,774 has been appropriated and included as anticipated revenue for the year ending June 30, 2013; \$306,070 has been reserved for future capital activity; \$50,000 has been reserved for future maintenance activity; \$45,879 has been reserved for encumbrances; and \$2,562,486 is unreserved and undesignated.

NOTE 15. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 16, 2012, the date on which the financial statements were available to be issued, and no items were identified that require disclosure.

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Required Supplemental Information
Part II

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BUDGETARY COMPARISON SCHEDULES

The budgetary comparison schedules consist of the comparison of anticipated revenues and budgeted expenditures to actual results for the general and the special revenue funds.

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Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
County Appropriation	1,999,800		1,999,800	1,999,800	-
Tuition- from LEAs	16,053,642		16,053,642	15,655,905	(397,737)
Other Tuition	710,000		710,000	678,400	(31,600)
Non-Resident Fees	76,600		76,600	106,075	29,475
Interest Earned on Capital Reserve Funds	120		120	769	649
Miscellaneous	27,219		27,219	107,785	80,566
Total - Local Sources	18,867,381	-	18,867,381	18,548,734	(318,647)
State Sources:					
Reimbursed TPAF Social Security Contributions (non-budgeted)	-			627,236	627,236
On-behalf TPAF Contributions (non-budgeted)				781,614	781,614
Total - State Sources				1,408,850	1,408,850
Federal Sources:					
Medical Assistance Program	50,000		50,000	141,526	91,526
Total - Federal Sources	50,000	-	50,000	141,526	91,526
Total Revenues	18,917,381	-	18,917,381	20,099,110	1,181,729

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Current Expense:					
Multiple Disabilities					
Salaries of Teachers	3,710,659	(149,996)	3,560,663	3,500,222	60,441
Other Salaries for Instruction	2,045,990	(47,797)	1,998,193	1,842,434	155,759
Purchased Professional-Educational Services	8,000	2,043	10,043	10,043	-
Other Purchased Services	2,000	1,000	3,000	871	2,129
General Supplies	105,340	(1,468)	103,872	81,724	22,148
Textbooks	40,000	(1,575)	38,425	13,333	25,092
Other Objects	66,500	-	66,500	21,418	45,082
Total Multiple Disabilities	5,978,489	(197,793)	5,780,696	5,470,045	310,651
Autism					
Salaries of Teachers	245,853	37,822	283,675	279,974	3,701
Other Salaries for Instruction	265,632	9,176	274,808	274,808	-
Purchased Professional-Educational Services	5,200	-	5,200	5,200	-
General Supplies	2,500	-	2,500	2,418	82
Textbooks	500	-	500	-	500
Other Objects	2,000	-	2,000	287	1,713
Total Autism	521,685	46,998	568,683	562,687	5,996
Preschool Disabilities - Full-Time					
Salaries of Teachers	246,054	400	246,454	246,454	-
Other Salaries for Instruction	247,654	(400)	247,254	212,677	34,577
General Supplies	1,525	-	1,525	692	833
Other Objects	6,694	-	6,694	222	6,472
Total Preschool Disabilities - Full-Time	501,927	-	501,927	460,045	41,882

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Extended School Year					
Salaries of Teachers	301,110	-	301,110	267,640	33,470
Other Salaries for Instruction	238,000	-	238,000	109,627	128,373
Purchased Professional-Educational Services	6,335	-	6,335	5,689	646
General Supplies	6,000	-	6,000	5,238	762
Other Objects	30,425	-	30,425	18,740	11,685
Total Extended School Year	581,870	-	581,870	406,934	174,936
Cognitive - Severe					
Salaries of Teachers	214,647	111,964	326,611	318,195	8,416
Other Salaries for Instruction	181,556	38,621	220,177	205,646	14,531
Purchased Professional-Educational Services	200,445	-	200,445	196,695	3,750
General Supplies	3,220	-	3,220	1,865	1,355
Other Objects	2,500	-	2,500	-	2,500
Total Cognitive - Severe	602,368	150,585	752,953	722,401	30,552
Total Special Education - Instruction	8,186,339	(210)	8,186,129	7,622,112	564,017
Other Instructional Programs - Instruction					
Salaries	724,059	210	724,269	724,269	-
Supplies and Materials	23,143	-	23,143	7,556	15,587
Other Objects	3,000	-	3,000	2,645	355
Total Other Instructional Programs - Instruction	750,202	210	750,412	734,470	15,942

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Community Service Programs/Operations					
Salaries	48,134	-	48,134	48,133	1
Purchased Services	1,850	-	1,850	-	1,850
Supplies and Materials	1,094	-	1,094	355	739
Other Objects	750	-	750	445	305
Total Community Service Programs/Operations	51,828	-	51,828	48,933	2,895
Total Instruction	8,988,369	-	8,988,369	8,405,515	582,854
Undistributed Expenditures - Health Services:					
Salaries	384,341	-	384,341	382,620	1,721
Purchased Professional and Technical Services	189,310	-	189,310	116,127	73,183
Supplies and Materials	9,000	-	9,000	8,001	999
Other Objects	3,500	-	3,500	1,383	2,117
Total Undistributed Expenditures - Health Services	586,151	-	586,151	508,131	78,020
Undistributed Expenditures - Other Support Services - Students - Speech, OT, PT & Related Services:					
Salaries	877,630	586,926	1,464,556	1,440,790	23,766
Purchased Professional and Technical Services	6,000	5,000	11,000	-	5,000
Supplies and Materials		5,748	11,748	6,864	4,884
Total Undistributed Expenditures - Other Support Services - Students - Speech, OT, PT & Related Services:	883,630	597,674	1,481,304	1,447,654	33,650
Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:					
Salaries	586,926	(586,926)	-	-	-
Purchased Professional - Educational Services	5,000	(5,000)	-	-	-
Supplies and Materials	6,000	(5,748)	252	-	252
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:	597,926	(597,674)	252	-	252

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Other Support Services - Students - Child Study Team:					
Salaries of Other Professional Staff	811,257	-	811,257	725,157	86,100
Salaries of Secretarial and Clerical Assistants	145,697	4,700	150,397	150,397	-
Other Purchased Services	3,200	-	3,200	3,197	3
Supplies and Materials	7,847	-	7,847	2,976	4,871
Other Objects	30,000	-	30,000	2,960	27,040
Total Undistributed Expenditures - Other Support Services - Students - Child Study Team:	998,001	4,700	1,002,701	884,687	118,014
Undistributed Expenditures - Educational Media Serv./Sch. Library					
Salaries	7,500	-	7,500	6,930	570
Purchased Professional and Technical Services	5,000	-	5,000	4,112	888
Other Purchased Services	1,300	-	1,300	-	1,300
Supplies and Materials	4,985	(4,728)	257	-	257
Total Undistributed Expenditures -Edu. Media Serv/Sch Library	18,785	(4,728)	14,057	11,042	3,015
Undistributed Expenditures - Instructional Staff Training Services					
Purchased Professional - Educational Services	15,200	-	15,200	12,085	3,115
Other Purchased Services	12,765	-	12,765	260	12,505
Supplies and Materials	6,000	-	6,000	2,466	3,534
Total Undistributed Expenditures -Instructional Staff Training Services	33,965	-	33,965	14,811	19,154
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	188,261	-	188,261	187,269	992
Legal Services	45,000	(2,500)	42,500	20,690	21,810
Audit Fees	26,500	-	26,500	24,000	2,500
Other Purchased Professional Services	1,100	2,500	3,600	1,250	2,350
Communications/Telephone	57,000	-	57,000	44,765	12,235

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Board of Education Other Purchased Services	2,500	-	2,500	1,789	711
Other Purchased Services	74,500	(16,200)	58,300	57,686	614
General Supplies	11,500	-	11,500	9,277	2,223
BOE In-House Training/Meeting Supplies	3,700	-	3,700	313	3,387
Miscellaneous Expenditures	4,900	-	4,900	4,205	695
BOE Membership Dues and Fees	6,475	-	6,475	6,475	-
Total Undistributed Expenditures - Support Services - Gen. Admin.	421,436	(16,200)	405,236	357,719	47,517
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	396,883	-	396,883	396,320	563
Salaries of Secretarial and Clerical Assistants	193,321	-	193,321	188,807	4,514
Other Salaries	25,000	-	25,000	-	25,000
Other Purchased Services	9,500	(177)	9,323	8,670	653
Supplies and Materials	16,200	-	16,200	15,606	594
Other Objects	4,560	177	4,737	2,537	2,200
Total Undistributed Expenditures - Support Serv. - School Admin.	645,464	-	645,464	611,940	33,524
Undistributed Expenditures - Central Services					
Salaries	649,650	(27,374)	622,276	614,728	7,548
Purchased Professional Services	39,108	8,625	47,733	41,571	6,162
Miscellaneous Purchased Services	24,500	-	24,500	16,556	7,944
Supplies and Materials	21,300	-	21,300	4,742	16,558
Miscellaneous Expenses	2,500	-	2,500	2,067	433
Total Undistributed Expenditures - Central Services	737,058	(18,749)	718,309	679,664	38,645
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	63,775	-	63,775	63,774	1
Supplies and Materials	5,000	4,728	9,728	9,625	103
Total Undistributed Expenditures - Admin. Info. Tech.	68,775	4,728	73,503	73,399	104

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Required Maintenance for School Facilities of Plant Services:					
Salaries	424,669	(185,774)	238,895	219,693	19,202
Cleaning, Repair and Maintenance Services	206,750	(5,000)	201,750	196,079	5,671
General Supplies	89,503	(40,732)	48,771	48,705	66
Other Objects	12,928	(6,324)	6,604	5,728	876
Total Undistributed Expenditures - Required Maintenance for School Facilities	733,850	(237,830)	496,020	470,205	25,815
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	243,893	135,774	379,667	364,992	14,675
Purchased Professional and Technical Services	11,520	8,000	19,520	6,184	13,336
Cleaning, Repair, and Maintenance Services	62,164	(8,000)	54,164	49,539	4,625
Rental of Land & Bldgs other than Lease Purchase	20,000	-	20,000	12,500	7,500
Other Purchased Property Services	37,823	-	37,823	27,895	9,928
General Supplies	30,686	29,239	59,925	56,237	3,688
Energy (Electricity)	325,500	47,725	373,225	373,225	-
Energy (Natural Gas)	91,625	(31,232)	60,393	51,576	8,817
Other Objects		6,324	6,324	2,215	4,109
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	823,211	187,830	1,011,041	944,363	66,678
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	30,750	(5,200)	25,550	21,951	3,599
General Supplies	11,339	5,200	16,539	15,711	828
Total Undistributed Expenditures - Care & Upkeep of Grounds	42,089	-	42,089	37,662	4,427
Undistributed Expenditures - Security					
Salaries	78,491	-	78,491	78,491	-
Purchased Professional and Technical Services	52,551	-	52,551	52,551	-
General Supplies	3,780	-	3,780	904	2,876
Total Undistributed Expenditures - Security	134,822	-	134,822	131,946	2,876

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Undistributed Expenditures - Student Transportation Services:					
Contracted Services - (Other than Between Home and School) - Vendors	55,300	-	55,300	30,253	25,047
Other Objects	7,800	-	7,800	-	7,800
Total Undistributed Expenditures - Student Transportation Serv.	63,100	-	63,100	30,253	32,847
Unallocated Benefits:					
Social Security Contributions	429,175	-	429,175	392,521	36,654
Other Retirement Contributions	599,873	(104,033)	495,840	495,840	-
Other Retirement Contributions - DCRP		2,982	2,982	-	2,982
Unemployment Compensation	18,659	-	18,659	-	18,659
Worker's Compensation	355,393	-	355,393	343,325	12,068
Health Benefits	3,430,532	(18,983)	3,411,549	3,310,336	101,213
Tuition Reimbursement	35,500	-	35,500	27,853	7,647
Other Employee Benefits	11,220	-	11,220	8,614	2,606
Total Unallocated Benefits	4,880,352	(120,034)	4,760,318	4,578,489	181,829
Reimbursed TPAF Social Security Contributions (non-budgeted)				627,236	(627,236)
On-behalf TPAF Contributions (non-budgeted)				781,614	(781,614)
Total On-behalf Contributions	-	-	-	1,408,850	(1,408,850)
Total Undistributed Expenditures	11,668,615	(200,283)	11,468,332	12,190,815	(722,483)
Total Current Expense	20,656,984	(200,283)	20,456,701	20,596,330	(139,629)

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Capital Outlay:					
Interest Earned on Capital Reserve	120	-	120	-	120
Equipment:					
Multiple Disabilities	25,000	-	25,000	24,478	522
Undistributed Expenditures:					
Instruction	12,503	-	12,503	4,913	7,590
Support Services - Instructional Support Services	3,000	-	3,000	-	3,000
School Administration	12,100	-	12,100	-	12,100
Central Services	17,500	-	17,500	-	17,500
Required Maintenance for School Fac.	43,345	33,801	77,146	31,267	45,879
Custodial Services	3,500	-	3,500	-	3,500
Care and Upkeep of Grounds	6,000	-	6,000	-	6,000
Security	2,500	-	2,500	-	2,500
Total Equipment	125,568	33,801	159,369	60,658	98,711
Facilities Acquisition and Construction Services:					
Legal Services	2,500	-	2,500	-	2,500
Architect Services	-	-	-	-	-
Total Facilities Acquisition and Construction Services	2,500	-	2,500	-	2,500
Total Capital Outlay	128,068	33,801	161,869	60,658	101,211
Total Expenditures	20,785,052	(166,482)	20,618,570	20,656,988	(38,418)

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,867,671)	166,482	(1,701,189)	(557,878)	1,143,311
Other Financing Sources (Uses):					
Cancellation of Prior Year Payables				7,739	7,739
Increase in Capital Reserve				75,000	75,000
Transfer to Capital Reserve				(75,000)	(75,000)
Operating Transfers Out:					
Transfer from Capital Projects Fund	(77,306)		(243,788)	9,425	9,425
Transfer to Food Service Fund - Board Contribution		(166,482)		(215,544)	28,244
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,944,977)	-	(1,944,977)	(756,258)	1,188,719
Fund Balances, July 1	4,730,467	-	4,730,467	4,730,467	-
Fund Balances, June 30	2,785,490	-	2,785,490	3,974,209	1,188,719

Recapitulation of Fund Balance:

Committed Fund Balance:

Capital Reserve	306,070
Maintenance Reserve	50,000
Designated for Subsequent Year's Expenditures	1,009,774

Unassigned Fund Balance

2,562,486
3,974,209

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

Fund Balance per Governmental Funds (GAAP)

3,974,209

Atlantic County Special Services School District
 (A Component Unit of the County of Atlantic)
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Revenue from Local Sources		46,722	46,722	37,666	(9,056)
Total - Local Sources	-	46,722	46,722	37,666	(9,056)
Federal Sources:					
Other Restricted Entitlements		8,798	8,798	8,798	-
Total - Federal Sources	-	8,798	8,798	8,798	-
Total Revenues	-	55,520	55,520	46,464	(9,056)

**Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction					
Salaries of Teachers		1,000	1,000	1,000	-
General Supplies		12,686	12,686	12,686	-
Total instruction	-	13,686	13,686	13,686	-
Support Services					
Travel		531	531	531	-
Total support services	-	531	531	531	-
Facilities acquisition and construction services:					
Non-instructional Equipment		10,548	10,548	10,548	-
Construction Services		30,755	30,755	21,699	9,056
Total facilities acquisition and construction services	-	41,303	41,303	32,247	9,056
Total expenditures	-	55,520	55,520	46,464	9,056
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	-	-	-	-

ATLANTIC COUNTY SPRECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2012

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

		General Fund	Special Revenue
Sources/inflows of resources			
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	C-1; C-2	\$ 20,099,110	46,464
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized			
Prior year			
Current year			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	B-2	20,099,110	46,464
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	C-2	20,656,988	46,464
Differences - budget to GAAP:			
Encumbrances for supplies and equipment ordered but but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes			
Prior year			
Current year			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to enterprise fund.			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	B-2	\$ 20,656,988	46,464

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SPECIAL REVENUE FUND

Special revenue funds are 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.

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Atlanticare Health Grant	2011 Safety Grant	Learn & Serve Health Grant	Total 2012
REVENUES:				
State Sources	-			-
Federal Sources	8,798		8,798	8,798
Other Sources	5,419	32,247		37,666
Total revenues	5,419	32,247	8,798	46,464
EXPENDITURES:				
Instruction:				
Salaries of teachers	1,000		1,000	1,000
General supplies	7,267		7,267	12,686
Total instruction	5,419	-	8,267	13,686
Support services:				
Travel			531	531
Total support services	-	-	531	531
Facilities acquisition and const. serv.:				
Construction Services		21,699		21,699
Noninstructional equipment		10,548		10,548
Total facilities acquisition and construction services	-	32,247	-	32,247
Total expenditures	5,419	32,247	8,798	46,464

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CAPITAL PROJECTS FUND

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment other than those financed by proprietary funds.

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Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2012

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP		Unexpended Appropriations 6/30/2012
			Prior Years	Expenditures to Date Current Year	
Site Parking, Drive & Drainage improvements	7/23/2010	\$ 199,022	20,492	162,284	16,246
Totals		\$ 199,022	20,492	162,284	16,246

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2012

Revenue and Other Financing**Sources**

Transfer from/(to) capital outlay	\$ (9,425)
Educational Facilities Const. Grant	<u>72,787</u>
Total revenues	<u>63,362</u>

Expenditures and Other Financing**Uses**

Purchased professional and technical services	7,826
Construction services	154,458
Total expenditures	<u>162,284</u>
Excess (deficiency) of revenues over (under) expenditures	(98,922)
Fund balance- beginning	98,922
Fund balance - ending	<u>\$ <u>-</u></u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
Site Parking, Drive & Drainage Improvements
From Inception and for the Year Ended June 30, 2012

	Prior Periods	Current Period	Totals	Revised Authorized Cost
Revenue and Other Financing Sources				
Educational Facilities Const. Grant	\$	72,787	72,787	79,608
Transfer from/(to) General Fund	119,414	(9,425)	109,989	119,414
Total revenues	<u>119,414</u>	<u>63,362</u>	<u>182,776</u>	<u>199,022</u>
Expenditures and Other Financing Uses				
Purchased Prof & Tech Services	20,492	7,826	28,318	35,750
Construction services		154,458	154,458	163,272
Total expenditures	<u>20,492</u>	<u>162,284</u>	<u>182,776</u>	<u>199,022</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>98,922</u>	<u>(98,922)</u>	<u>-</u>	<u>-</u>

Additional project information:

Project Number	0125-030-10-1001
Grant Date	July 23, 2010
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 199,022
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 199,022

Percentage Increase over Original Authorized Cost	0%
Percentage completion	92%
Original target completion date	June 30, 2011
Revised target completion date	October 31, 2011

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PROPRIETARY FUNDS

Enterprise 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.

Schools to Careers Fund - This fund represents activities in a non-traditional community based system that ensures appropriate employment to our graduates.

County Programs Fund - This fund represents contacts with the County of Atlantic for the provision of educational programs and health services.

State Programs Fund - This fund represents contracts with the State of New Jersey, Juvenile Justice Commission and the County of Atlantic for the provision of educational programs and services.

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Non-major Enterprise Funds
Combining Statement of Net Assets
June 30, 2012

	School to Careers	County Programs	State Programs	Total Non-major Funds
ASSETS:				
Cash and cash equivalents	\$ 36,222		38,924	75,146
Accounts Receivable:				
Other	4,100	57,863	20,956	82,919
Total Current Assets	<u>40,322</u>	<u>57,863</u>	<u>59,880</u>	<u>158,065</u>
Total assets	<u>40,322</u>	<u>57,863</u>	<u>59,880</u>	<u>158,065</u>
LIABILITIES AND FUND EQUITY:				
Current liabilities:				
Accounts payable	33,863			33,863
Interfund payable		23,273		23,273
Total liabilities	<u>33,863</u>	<u>23,273</u>	<u>-</u>	<u>57,136</u>
Net Assets				
Unrestricted	6,459	34,590	59,880	100,929
Total net assets	<u>6,459</u>	<u>34,590</u>	<u>59,880</u>	<u>100,929</u>
Total liabilities and fund equity	<u>\$ 40,322</u>	<u>57,863</u>	<u>59,880</u>	<u>158,065</u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Non-major Proprietary Funds
For the Year Ended June 30, 2012

**Business-type Activities -
Enterprise Fund**

	School to Careers	County Programs	State Programs	Total Non-major Funds
Operating revenues:				
Charges for services:				
Fee for Service	\$ 37,355		83,825	121,180
County Aid Payments		402,072		402,072
Total operating revenues	<u>37,355</u>	<u>402,072</u>	<u>83,825</u>	<u>523,252</u>
Operating expenses:				
Salaries	37,355	407,820	51,741	496,916
Employee Benefits		88,160	21,459	109,619
Travel		1,852		1,852
General Supplies		2,344		2,344
General Administration		5,665		5,665
Total Operating Expenses	<u>37,355</u>	<u>505,841</u>	<u>73,200</u>	<u>616,396</u>
Operating income (loss)	<u>-</u>	<u>(103,769)</u>	<u>10,625</u>	<u>(93,144)</u>
Income (loss) before contributions & transfers	-	(103,769)	10,625	(93,144)
Capital contributions				-
Transfers in (out)				-
Change in net assets	-	(103,769)	10,625	(93,144)
Total net assets—beginning	6,459	138,359	49,255	194,073
Total net assets—ending	<u>\$ 6,459</u>	<u>34,590</u>	<u>59,880</u>	<u>100,929</u>

Atlantic County Special Services School District
(A Component Unit of the County of Atlantic)
Statement of Cash Flows
Non-major Proprietary Funds
For the Year Ended June 30, 2012

**Business-type Activities -
Enterprise Funds**

	School to Careers	County Programs	State Programs	Total Non-major Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 35,240	428,150	62,869	526,259
Payments for salaries	(7,960)	(407,820)	(51,741)	(467,521)
Payments for benefits		(88,160)	(21,459)	(109,619)
Other costs		(13,052)		(13,052)
Net cash provided by/(used for) operating activities	<u>27,280</u>	<u>(80,882)</u>	<u>(10,331)</u>	<u>(63,933)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers from/(to) other funds		23,273		23,273
Net cash provided by/(used for) non-capital financing activities	<u>-</u>	<u>23,273</u>	<u>-</u>	<u>23,273</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets				-
Net cash (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends			-	-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	27,280	(57,609)	(10,331)	(40,660)
Balances—beginning of year	8,942	57,609	49,255	115,806
Balances—end of year	<u>36,222</u>	<u>-</u>	<u>38,924</u>	<u>75,146</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	-	(103,769)	10,625	(93,144)
Adjustments to reconcile operating income (loss) to net cash provided by/(used for) operating activities				
(Increase)/Decrease in accounts receivable, net	(2,115)	26,078	(20,956)	3,007
Increase/(Decrease) in accounts payable	29,395	(2,261)		27,134
Increase/(Decrease) in interfund payable		(930)		(930)
Total adjustments	<u>27,280</u>	<u>22,887</u>	<u>(20,956)</u>	<u>29,211</u>
Net cash provided by (used for) operating activities	<u>\$ 27,280</u>	<u>(80,882)</u>	<u>(10,331)</u>	<u>(63,933)</u>

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FIDUCIARY FUNDS

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Unemployment Trust Fund - This fund provides for the accumulation of funds to pay the quarterly contributions due to the State of New Jersey.

Student Activity Fund This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Trust and Agency Fund
Combining Balance Sheet
June 30, 2012

	Trust Funds	Agency	Totals
	Expendable	Student Activity	Payroll
	Unemployment	Payroll	Totals
ASSETS:			
Cash and cash equivalents	\$ 116,134	76,559	13,020
Total Assets	116,134	76,559	13,020
LIABILITIES AND EQUITY:			
Liabilities:			
Due to State of New Jersey	3,995		3,995
Payroll Deductions Payable		13,020	13,020
Due to student groups		76,559	76,559
Total Liabilities	3,995	76,559	13,020
Equity:			
Net Assets			
Reserved -			
Expendable Trust	112,139		112,139
Total equity	112,139	-	112,139
Total liabilities and equity	\$ 116,134	76,559	13,020

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Expendable Trust Funds
Combining Statement of Revenues, Expenditures
and Changes in Net Assets
Year Ending June 30, 2012

	Unemployment Trust	Total Expendable Trust
ADDITIONS		
Local sources:		
Interest on investments	\$ 341	341
Employee withholdings	35,427	35,427
Total additions	35,768	35,768
 DEDUCTIONS		
Payments of unemployment claims	11,005	11,005
Miscellaneous	133	133
Total operating expenses	11,138	11,138
Change in net assets	24,630	24,630
Net Assets, July 1	87,509	89,285
Net Assets, June 30	\$ 112,139	113,915

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2012

	Balance <u>July 1, 2011</u>	Additions	Deletions	Balance <u>June 30, 2012</u>
ASSETS:				
Cash and cash equivalents	\$ 82,719	44,627	50,787	76,559
Total assets	<u>82,719</u>	<u>44,627</u>	<u>50,787</u>	<u>76,559</u>
LIABILITIES:				
Due to Student groups	82,719	44,627	50,787	76,559
Total liabilities	<u>\$ 82,719</u>	<u>44,627</u>	<u>50,787</u>	<u>76,559</u>

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A Component Unit of the County of Atlantic)
Payroll Agency Fund
Statement of Changes in Assets and Liabilities
For the Fiscal Year ended June 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS:				
Cash and cash equivalents	\$ 35,717	6,305,612	6,328,309	13,020
Total assets	35,717	6,305,612	6,328,309	13,020
LIABILITIES:				
Due to General Fund	5,845		5,845	-
Due to Unemployment Trust	10,680		10,680	-
Payroll deductions and withholdings	19,192	6,305,612	6,311,784	13,020
Total liabilities	\$ 35,717	6,305,612	6,328,309	13,020

Statistical Section

Governmental Accounting Standards Board (GASB) requires 10 years of statistical information to be included in the CAFR. Effective with the fiscal year ended June 30, 2003, the District's financial statements are presented in accordance with GASB 34. As a result, 10 years of information may not be available to report.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 24,032,848	27,604,500	27,360,252	26,832,193	26,168,488	25,881,453	25,095,099	24,384,588	23,554,439	22,859,252
Restricted	355,646	307,656	157,332	955,931	31,812	91,657	189,785	282,157	220,876	351,949
Unrestricted	2,210,847	2,566,316	2,787,499	1,827,395	2,731,409	1,400,018	3,433,760	3,502,274	4,063,779	3,119,820
Total governmental activities net assets	26,599,341	30,478,472	30,305,083	29,615,519	28,931,709	27,373,128	28,718,644	28,169,019	27,839,094	26,331,021
Business-type activities										
Invested in capital assets, net of related debt	708,669	2,063,241	1,804,238	1,468,824	1,370,104	1,310,824	1,282,907	1,395,560	1,398,487	1,436,445
Restricted	840,101	624,616	597,623	1,389,604	2,482,583	3,514,536	4,002,781	3,208,924	2,268,554	2,304,396
Unrestricted	-	-	-	-	3,852,687	4,825,360	5,285,688	4,604,484	3,667,041	3,740,841
Total business-type activities net assets (as restated)	1,548,770	2,687,857	2,401,861	2,858,428	3,852,687	4,825,360	5,285,688	4,604,484	3,667,041	3,740,841
District-wide										
Invested in capital assets, net of related debt	24,741,517	29,667,741	29,164,490	28,301,017	27,538,592	27,192,277	26,378,006	25,780,148	24,952,926	24,295,697
Restricted	1,195,747	932,272	754,955	2,345,535	31,812	91,657	189,785	282,157	220,876	351,949
Unrestricted	2,210,847	2,566,316	2,787,499	1,827,395	5,213,992	4,914,554	7,436,541	6,711,198	6,332,333	5,424,216
Total district net assets (as restated)	\$ 28,148,111	33,166,329	32,706,944	32,473,947	32,784,396	32,198,488	34,004,332	32,773,503	31,506,135	30,071,862

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities										
Instruction										
Other special education	\$ 9,304,895	9,140,777	9,943,597	10,225,318	11,605,225	12,178,605	11,357,883	11,576,216	11,149,057	11,219,541
Other instruction	720,451	750,387	786,832	828,315	829,755	837,669	997,651	1,087,259	1,103,773	1,151,081
Support Services:										
Student & Instruction related services	3,220,836	3,555,280	3,615,080	3,593,111	3,877,206	3,996,715	3,949,841	4,333,611	4,251,924	4,212,370
General administrative services	1,069,819	1,053,223	1,100,890	1,262,042	1,468,481	1,526,928	1,433,617	1,497,142	1,090,689	899,144
School administrative services	813,517	799,312	868,122	883,176	936,755	899,442	970,627	912,734	1,601,949	1,632,110
Plant operations and maintenance	1,578,590	3,559,862	2,253,149	2,518,188	2,058,520	2,044,254	2,169,675	2,137,797	2,196,979	2,327,684
Pupil transportation	70,812	26,767	36,344	49,498	80,109	46,257	51,088	61,297	56,145	44,453
Capital Outlay					13,932	2,443	232	2,067	-	32,246
Total governmental activities expenses	16,778,920	18,885,608	18,604,014	19,359,648	20,869,983	21,532,313	20,930,614	21,608,123	21,450,516	21,518,629
Business-type activities:										
Food service	406,736	611,816	623,917	632,269	643,922	674,572	663,687	669,690	673,023	718,931
Transportation	4,133,007	4,562,390	4,765,543	4,896,803	6,448,539	6,971,980	7,109,580	6,780,310	7,022,680	7,575,920
Teachers Aide Services					1,549,906	1,432,445	2,276,341	2,583,110	2,471,358	3,172,293
Other	3,439,313	4,206,992	4,279,220	4,105,467	821,645	857,809	928,638	751,589	762,658	616,396
Total business-type activities expense	7,979,056	9,381,198	9,668,680	9,634,539	9,464,012	9,936,806	10,978,246	10,784,689	10,929,719	12,083,540
Total district expenses	24,757,976	28,266,806	28,272,694	28,994,187	30,333,995	31,469,119	31,908,860	32,392,822	32,380,235	33,602,169
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	13,384,306	14,764,215	15,146,959	15,608,045	16,472,680	15,603,048	18,841,028	17,521,091	17,736,399	16,440,380
Operating grants and contributions	775,044	680,813	710,088	801,462	267,387	311,074	261,085	251,596	9,783	46,464
Total governmental activities program revenues	14,159,350	15,445,028	15,857,047	16,409,507	16,740,067	15,914,122	19,102,113	17,772,687	17,746,182	16,486,844
Business-type activities:										
Charges for services:										
Food service	57,231	168,035	253,566	244,643	255,956	265,261	266,283	251,918	257,233	251,792
Transportation	3,902,287	3,623,946	4,090,338	4,980,494	6,936,288	7,260,097	7,695,337	6,597,983	6,576,257	8,379,071
Teachers Aide Services					2,054,005	2,137,523	2,301,864	2,123,816	2,119,577	2,578,198
Other	3,711,370	4,488,548	4,660,801	4,546,736	849,697	926,849	784,983	764,303	748,014	523,252
Operating grants and contributions	204,023	219,662	209,893	229,233	203,712	211,948	235,763	231,675	215,087	208,704
Total business type activities program revenues	7,874,911	8,500,191	9,214,598	10,001,106	10,299,658	10,801,678	11,284,230	9,969,695	9,916,168	11,941,017
Total district program revenues	22,034,261	23,945,219	25,071,645	26,410,613	27,039,725	26,715,800	30,386,343	27,742,382	27,662,350	28,427,861
Net (Expense)/Revenue										
Governmental activities	(2,619,570)	(3,440,580)	(2,746,967)	(2,950,141)	(4,129,916)	(5,618,191)	(1,828,501)	(3,835,436)	(3,704,334)	(5,031,785)
Business-type activities	(104,145)	(881,007)	(454,082)	366,567	835,646	864,872	305,984	(815,004)	(1,013,551)	(142,523)
Total district-wide net expense	(2,723,715)	(4,321,587)	(3,201,049)	(2,583,574)	(3,294,270)	(4,753,319)	(1,522,517)	(4,650,440)	(4,717,885)	(5,174,308)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	1,696,000	1,746,880	1,746,880	1,800,000	1,854,000	1,920,000	1,980,000	1,980,000	1,980,000	1,999,800
Federal & State Aid - not restricted					1,472,193	1,471,192	1,219,541	1,293,710	1,316,894	1,623,163
Investment earnings	80,191	27,712								
Miscellaneous income	389,286	572,919	916,662	550,574	218,813	224,737	85,904	79,491	145,046	108,554

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

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Transfers	71,035						(117,503)	(128,078)	(74,340)	(215,544)
Contributed Services										
Cancellation of Prior Year Payables						535,000				
Loss on the Disposal of Fixed Assets						17,017	7,114	185	6,809	7,739
Adjustment to Fixed Assets						(535)	(1,039)			
Total governmental activities	2,236,512	2,347,511	2,573,542	2,260,574	3,446,106	4,059,610	3,174,017	3,285,811	3,374,409	3,523,712
Business-type activities:										
Miscellaneous income	244,547	247,724	78,086				36,841	5,722	1,768	779
Transfers	(71,035)	90,000	90,000	90,000	98,900	107,801	17,503	128,078	74,340	215,544
Total business-type activities	173,512	337,724	168,086	90,000	98,900	107,801	154,344	133,800	76,108	216,323
Total district-wide	<u>2,410,024</u>	<u>2,685,235</u>	<u>2,741,628</u>	<u>2,350,574</u>	<u>3,545,006</u>	<u>4,167,411</u>	<u>3,328,361</u>	<u>3,419,611</u>	<u>3,450,517</u>	<u>3,740,035</u>
Change in Net Assets										
Governmental activities	(383,058)	(1,093,069)	(173,425)	(689,567)	(683,810)	(1,558,581)	1,345,516	(549,625)	(329,925)	(1,508,073)
Business-type activities	69,367	(543,283)	(285,996)	456,567	934,546	972,673	460,328	(681,204)	(937,443)	73,800
Total district	<u>\$ (313,691)</u>	<u>(1,636,352)</u>	<u>(459,421)</u>	<u>(233,000)</u>	<u>250,736</u>	<u>(585,908)</u>	<u>1,805,844</u>	<u>(1,230,829)</u>	<u>(1,267,368)</u>	<u>(1,434,273)</u>

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Committed									2,165,853	1,365,844
Assigned									-	45,879
Unassigned		777,411	313,019	739,139	30,866	91,657	189,785	282,157	2,564,614	2,562,486
Reserved	192,150	2,309,594	3,094,651	2,413,589	3,403,738	1,960,068	3,947,903	4,021,913	-	-
Unreserved	2,610,810	3,087,005	3,407,670	3,152,728	3,434,604	2,051,725	4,137,688	4,304,070	-	-
Total general fund	2,802,960	3,087,005	3,407,670	3,152,728	3,434,604	2,051,725	4,137,688	4,304,070	4,730,467	3,974,209
All Other Governmental Funds										
Unreserved, reported in:										
Capital projects fund	328,496	280,245	129,317	216,792	57,097	43,651	5,302	-	98,992	-
Total all other governmental funds	328,496	280,245	129,317	216,792	57,097	43,651	5,302	-	98,992	-

Beginning with fiscal year ended June 30, 2011 the District was required to comply with GASB 54, which required a change in the method of presentation of fund balances.

Source: CAFR Schedule B-1

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2011
Revenues										
County Appropriation	1,696,000	1,746,880	1,746,880	1,800,000	1,854,000	1,920,000	1,980,000	1,980,000	1,980,000	1,999,800
Tuition charges	13,384,306	14,764,215	15,146,959	15,608,045	16,472,680	15,603,048	18,663,965	17,392,609	17,647,674	16,334,305
Interest Earnings			608	399	240	1,451	232	2,067	187	769
Miscellaneous	469,476	600,630	644,507	525,506	256,282	266,354	262,735	217,815	243,367	251,526
State sources	598,918	612,648	692,070	780,679	1,536,806	1,593,192	1,340,697	1,338,193	1,166,835	1,481,637
Federal sources	176,126	68,165	18,017	20,783	164,119	146,006	139,929	195,204	150,059	150,324
Total revenue	16,324,826	17,792,538	18,249,041	18,735,412	20,284,127	19,530,051	22,387,558	21,125,888	21,188,122	20,218,361
Expenditures										
Instruction										
Other special instruction	7,201,461	7,006,573	7,356,264	7,531,542	8,106,420	8,660,639	8,131,439	8,144,280	7,740,956	7,635,798
Other instruction	551,663	568,770	581,703	601,031	579,596	595,696	714,247	764,925	766,366	783,403
Support Services:										
Student & instruction related services	2,564,670	2,782,495	2,686,137	2,665,728	2,708,285	2,842,206	2,827,806	3,048,849	2,952,174	2,866,856
General administrative services	443,664	458,072	378,923	387,956	406,760	400,707	357,009	399,463	369,917	357,719
School Administrative services	628,195	612,636	649,999	647,647	654,337	639,625	694,900	642,141	757,282	611,940
Business administrative services	435,272	400,945	571,736	612,504	618,996	685,146	669,359	688,275	742,340	753,063
Plant operations and maintenance	1,343,937	1,248,241	1,174,284	1,343,555	1,437,906	1,453,742	1,553,333	1,504,016	1,525,395	1,584,176
Pupil transportation	70,813	26,768	36,344	49,497	55,957	32,895	36,576	43,125	38,981	30,253
Unallocated employee benefits	3,295,408	3,672,037	4,135,849	4,524,885	5,217,429	5,449,594	5,149,836	5,517,452	5,633,755	5,987,339
Capital outlay	605,799	780,207	418,068	448,563	278,306	610,342	95,050	84,389	68,106	255,189
Total expenditures	17,140,882	17,556,744	17,989,307	18,812,908	20,063,992	21,370,592	20,229,555	20,836,915	20,595,272	20,865,736
Excess (Deficiency) of revenues over (under) expenditures	(816,056)	235,794	259,734	(77,496)	220,135	(1,840,541)	2,158,003	288,973	592,850	(647,375)
Other Financing sources (uses)										
Contributed Services						535,000				
Cancellation of Prior Year Payables						17,017	7,114	185	6,809	7,739
Increase in Capital Reserve							100,000	156,749	75,000	75,000
Transfer to Capital Reserve							(100,000)	(100,000)	(75,000)	(75,000)
Transfer from Emergency Reserve								(56,749)		
Transfers in	356,685								119,414	9,425
Transfers out	(285,650)		(90,000)	(90,000)	(98,900)	(107,801)	(117,503)	(128,078)	(193,754)	(224,969)
Total other financing sources (uses)	71,035	-	(90,000)	(90,000)	(98,900)	444,216	(110,389)	(127,893)	(67,531)	(207,805)
Net change in fund balances	(745,021)	235,794	169,734	(167,496)	121,235	(1,396,325)	2,047,614	161,080	525,319	(855,180)
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest	Miscellaneous	Total
2003	80,191	86,549	166,740
2004	27,712	255,623	283,335
2005	67,071	578,043	645,114
2006	135,744	390,161	525,905
2007	201,916	15,951	217,867
2008	162,861	61,876	224,737
2009	52,088	210,879	262,967
2010	70,160	149,722	219,882
2011	187	243,367	243,554
2012	769	107,785	108,554

Source: District Records

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

<u>Function/Program</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	9	9	8	8	8	8	10	10	10	10
Special Education instruction	67	58	64	62	58	60	57	57	57	59
Other special education instruction	158	151	163	157	157	160	141	154	145	140
Other instruction	8	9	9	9	6	6	5	6	5	4
Nonpublic school programs	2	2	2	2	2	2	3	3	4	4
Support Services:										
Student & instruction related services	46	47	47	48	46	43	44	48	43	45
General administrative services	4	4	2	2	2	2	2	2	2	2
School administrative services	9	9	9	9	9	10	10	10	9	8
Business administrative services	7	7	10	10	10	11	11	12	13	12
Plant operations and maintenance	13	11	10	11	16	16	17	16	17	18
Pupil transportation	120	107	120	123	125	127	126	122	130	141
Food Service	5	9	9	8	8	9	9	9	9	9
Total	448	423	453	449	447	454	435	449	444	448

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2003	520	16,797,747	32,303	#DIV/0!	67	9.3:1	9.3:1	520	478	0.97%	91.92%	
2004	512	17,187,198	33,569	3.92%	58	8.6:1	8.6:1	512	465	-1.54%	90.82%	
2005	508	17,528,535	34,505	2.79%	64	8.2:1	8.22:1	508	467	-0.78%	91.93%	
2006	485	18,737,306	38,634	11.97%	62	8:1	8:1	479	425	-5.71%	88.73%	
2007	470	19,785,686	42,097	8.97%	72	8:1	8:1	469	427	-2.09%	91.04%	
2008	467	20,760,250	44,454	5.60%	60	8:1	8:1	467	427	-0.43%	91.43%	
2009	500	20,760,250	41,521	-6.60%	67	8:1	8:1	490	440	4.93%	89.80%	
2010	499	20,752,526	41,588	0.16%	57	8.6:1	8.6:1	476	426	-2.86%	89.50%	
2011	457	20,527,166	44,917	8.00%	57	8:1	8.5:1	457	413	-3.99%	90.37%	
2012	438	20,610,547	47,056	4.76%	59	7:1	7:1	438	400	-4.16%	91.32%	

Sources: District records, ASSA and Schedules J-4

Note: Enrollment based on annual October district count.

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

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

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Building										
<u>Mays Landing Campus</u>										
Square Feet	55,000									
Capacity (students)	244									
Enrollment	271									
<u>Absecon Campus</u>										
Square Feet	14,500									
Capacity (students)	72									
Enrollment	129									
<u>Regional Day School Campus</u>										
Square Feet	13,500									
Capacity (students)	93									
Enrollment	51									
<u>Holster Hall Corbin City Campus</u>										
Square Feet	7,400									
Capacity (students)	60									
Enrollment	70									
<u>Main Campus - Mays Landing (2003)</u>										
Square Feet	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000
Capacity (students)	508	508	508	508	508	508	508	508	508	508
Enrollment	513	508	476	471	470	471	500	499	457	438
<u>Other Facilities</u>										
Administration										
Square Feet	5,225									
Transportation - Corbin City										
Square Feet	2,500									
Transportation - Mays Landing										
Square Feet	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700
Number of Schools at June 30, 2012										
Main Campus = 1										
Other = 1										

Source: District records, ASSA

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

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

School Facilities	Project # (s)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Absecon Capus	N/A										111,757
Corbin City Campus	N/A										111,706
Regional Day Campus	N/A										
Mays Landing Campus - Old	N/A		637,223	609,620	629,165	557,315	551,285	519,420	506,802	507,735	237,261
Mays Landing Campus - New	N/A	470,205									
Grand Total		\$ 470,205	637,223	609,620	629,165	557,315	551,285	519,420	506,802	507,735	460,724

Atlantic County Special Services School District
Insurance Schedule
June 30, 2012
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Property, Inland Marine & Automobile Physical Damage Limit of Liability - per occurrence	43,153,269	5,000
Public Official Bonds		
Treasurer of School Monies	225,000	
Public Agency Compliance Officer	75,000	
Comprehensive General Liability Coverage Limit	31,000,000	
Electronic Data Processing	497,000	1,000
Package Policy Crime Coverage	1,000,000	1,000
Board Member Accident		
Limit of Liability	100,000	
Aggregate	250,000	
Student Accident (Compulsory) Maximum Benefit	1,000,000	
Student Accident (Catastrophic) Maximum Benefit	5,000,000	25,000
Volunteer Accident Maximum Benefit	250,000	
Boiler and Machinery	100,000,000	5,000
Automobile Liability	31,000,000	
Standard Worker's Compensation & Employer's Liability Policy		
Workers Compensation-Coverage A	Statutory	
Employers' Liability Agreement-Coverage B	2,000,000	
School Board Legal Liability		
Coverage A	31,000,000	5,000
Coverage B each occurrence	100,000	5,000
policy period	300,000	
Pollution Liability per occurrence	1,000,000	10,000
aggregate	2,000,000	

Source: District Records.

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Single Audit Section

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**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
Atlantic County Special Services School District
(a component unit of the County of Atlantic)
County of Atlantic
Mays Landing, New Jersey

We have audited 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 Atlantic County Special Services School District (a component unit of the County of Atlantic) in the County of Atlantic, State of New Jersey as of and for the year ended June 30, 2012, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Atlantic County Special Services School District (a component unit of the County of Atlantic) is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Atlantic County Special Services School District's (a component unit of the County of Atlantic) internal control over financial reporting as a basis for designing our auditing procedures 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 Atlantic County Special Services School District's (a component unit of the County of Atlantic) internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Atlantic County Special Services School District's (a component unit of the County of Atlantic) internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there

is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that were required to be reported to the Board of Education of the Atlantic County Special Services School District (a component unit of the County of Atlantic) in the separate *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated November 16, 2012.

This report is intended solely for the information and use of the audit committee, management, and the State of New Jersey, Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Leon P. Costello, CPA
Licensed Public School Accountant
No. CS00767

Ford-Scott & Associates, LLC

Ford-Scott & Associates, LLC
Certified Public Accountants

November 16, 2012

**Report on Compliance With Requirements That Could Have a Direct
and Material Effect on Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A133
And New Jersey Circular OMB 04-04**

Independent Auditor's Report

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

Compliance

We have audited the Atlantic County Special Services Board of Education's (a component unit of the County of Atlantic) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Grants Compliance Supplement* that could have a direct and material effect on each of the Atlantic County Special Services Board of Education's (a component unit of the County of Atlantic) major federal and state programs for the year ended June 30, 2012. The Atlantic County Special Services Board of Education's (a component unit of the County of Atlantic) major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Atlantic County Special Services Board of Education's (a component unit of the County of Atlantic) management. Our responsibility is to express an opinion on the Atlantic County Special Services Board of Education's (a component unit of the County of Atlantic) compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04, *New Jersey State Grants Compliance Supplement*. Those standards, OMB Circular A-133 and New Jersey OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Atlantic County Special Services Board of Education's (a component unit of the County of Atlantic) compliance with those

requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Atlantic County Special Services Board of Education's (a component unit of the County of Atlantic) compliance with those requirements.

In our opinion, the Atlantic County Special Services Board of Education (a component unit of the County of Atlantic) complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Atlantic County Special Services Board of Education (a component unit of the County of Atlantic) is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the Atlantic County Special Services Board of Education's (a component unit of the County of Atlantic) internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information of the audit committee, management, Board of Education, the New Jersey State Department of Education (cognizant audit agency) and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.



Leon P. Costello, CPA
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No. CS00767

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Certified Public Accountants

November 16, 2012

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 (A Component Unit of the County of Atlantic)
 Schedule of Expenditures of Federal Award
 For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue	Due to Grantor
U. S. Department of Agriculture													
Passed-through State Department of Educator													
Enterprise Fund:													
Food Distribution Program	10.550		7/1/11 - 6/30/12	17,588			17,588	(17,588)					
School Breakfast Program	10.553		7/1/11 - 6/30/12	68,943			64,563	(68,943)			(4,380)		
National School Lunch Program	10.555		7/1/11 - 6/30/12	119,293			111,734	(119,293)			(7,559)		
Total U.S. Department of Agriculture					-	-	193,885	(205,824)	-	-	(11,939)	-	-
U.S. Department of Educator													
Passed-through State Department of Educator													
General Fund:													
Special Education Medicaid Aid	93.778		7/1/11 - 6/30/12	141,526			141,526	(141,526)					
Total General Fund					-	-	141,526	(141,526)	-	-	-	-	-
U.S. Department of Educator													
Passed-through Absecon Board of Educator													
Special Revenue Fund	94.007		7/1/10 - 6/1/12	14,000			8,798	(8,798)					
Learn and Serve America							8,798	(8,798)					
Total Federal Financial Awards					\$	-	344,209	(356,148)	-	-	(11,939)	-	-

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

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 (A Component Unit of the County of Atlantic)
Schedule of Expenditures of State Financial Assistance
 For the Fiscal Year Ended June 30, 2012

Federal/Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011			Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years Balances	Balance at June 30, 2012			MEMO
				Deferred Revenue (Accts Receivable)	Due to Grantor	Complier Amount					(Accounts Receivable)	Deferred Revenue	Due to Grantor at	
State Department of Education														
General Fund:														
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/10-6/30/11	619,558	\$ (30,081)			30,081							619,558
Reimbursed TPAF Social Security Contributions	495-034-5095-002	7/1/11-6/30/12	627,236	(30,081)			596,407	(627,236)						627,236
Total General Fund							626,488	(627,236)						1,246,794
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program (State Share)	100-034-5120-122	7/1/11-6/30/12	2,880				2,700	(2,880)				(180)		2,880
Total State Financial Assistance							629,188	(630,116)				(31,009)		1,249,674

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2012**

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$781,614 for the general fund and special revenue fund. See Note 1 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 follows:

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2012**

	<u>General fund</u>	<u>Food service fund</u>	<u>Total</u>
State Assistance:			
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 627,236	2,880	630,116
Difference – budget to "GAAP" Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			-
On behalf payments recognized for GAAP purposes but not included on the Schedule of Expenditures of State Financial Assistance	781,614		781,614
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 1,408,850</u>	<u>2,880</u>	<u>1,411,730</u>

**Atlantic County Special Services School
(A Component Unit of the County of Atlantic)
Notes to the Schedules of Expenditures of Awards and Financial Assistance
June 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 141,526	8,798	205,824	356,148
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.				-
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>\$ 141,526</u>	<u>8,798</u>	<u>205,824</u>	<u>356,148</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. 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, 2012.

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF ATLANTIC)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section I -- Summary of Auditor's Results

Financial Statement

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

Federal Awards

NOT APPLICABLE

Internal Control over major programs:			
• Material weakness(es) identified?	_____ yes	_____ no	
• Significant deficiency(ies) identified?	_____ yes	_____ none reported	
Type of auditor's report issued on compliance for major programs	_____		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	_____ yes	_____ no	

Identification of major programs:

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

Dollar Threshold used to distinguish between type A and type B programs: \$ _____

Auditee qualified as low-risk auditee?	_____ yes	_____ no
--	-----------	----------

State Awards

Internal Control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance major programs

_____ Unqualified _____

Any audit findings disclosed that are required to be reported in accordance with OMB Circular 04-04

_____ yes X no

Identification of major programs:

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

Dollar Threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes _____ no

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
(A COMPONENT UNIT OF THE COUNTY OF ATLANTIC)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 2 -- Schedule of Financial Statement Findings

None

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

None

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

None

STATUS OF PRIOR YEAR FINDINGS

None