

**ATLANTIC COUNTY SPECIAL SERVICES
SCHOOL DISTRICT**

**Mays Landing, New Jersey
County of Atlantic**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MAYS LANDING, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by

Business Office –Lisa Mooney, Business Administrator/Board Secretary

OUTLINE OF CAFR - GASB #34

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INTRODUCTORY SECTION

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT

“PLANTING THE SEEDS FOR SUCCESS”

Atlantic County Elementary/Middle School

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

Lisa Mooney, School Business Administrator
(609) 625-5687 Fax 609-625-0496

December 8, 2015

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, 2015, 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(s) 04-04 and/or 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The mission of the Atlantic County Special Services School District is to provide innovative

educational programs and related services for students with special needs ages 3 to 21 who meet eligibility requirements. This is accomplished by offering specialized, individualized instruction aligned with the New Jersey Core Curriculum Content and Common Core State 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 offers 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 provided to youths housed at the Harborfields juvenile detention facility, and the district is sub-contracted by the County to provide county-wide Special Child Health Services case management services.

2) ECONOMIC CONDITION AND OUTLOOK: The economic environment in New Jersey continues to have a major impact on the state's educational system, given budget cuts made in previous school years and additional budget restrictions currently in place. Although our district does not directly receive state aid or stimulus funds, the cuts to sending districts have had an impact on our budget planning, particularly in light of decreased student enrollment. The district continues to experience declining enrollment. We will continue to closely monitor actual student enrollment numbers, modify spending as needed, and gather data in order to effectively and realistically project tuition revenues for the 2015/2016 budget.

Atlantic County continues to recover from Superstorm Sandy; however the closing of three casinos and the bankruptcy filing of one casino in Atlantic City is going to have a negative impact on the economy in Atlantic County with over 8,000 residents unemployed as a result of the casino closings. A new Call Center Company has begun operations in Atlantic City which is expected to bring economic growth to the area. The third phase of development at the Walk in Atlantic City was completed with the opening of the Bass Pro Shop. The county's unemployment rate has dropped but the decline is largely believed to be a result of resident's relocating to other areas. Housing foreclosure rates continue to exceed national averages.

3) MAJOR INITIATIVES: We continue to provide feedback to our staff in accordance with Achieve NJ teacher evaluation mandates. Our Student Growth Objectives (SGOs) have become more rigorous in year two of the mandate, and we have been granted a waiver to conduct two long evaluations for tenured teachers rather than three short evaluations. We are continuing to use the Danielson Framework for Teaching and the Multidimensional Principal Performance Rubric (MPPR). Ongoing costs for training, materials, and computer-based evaluation programs will be built into the annual budget.

In response to identified needs from our sending districts, and the ongoing state Department of Education initiative to share services, we will continue to offer itinerant/shared services to Local Educational Agencies. We also have a Behavior Disabilities program for High School aged students.

Comprehensive professional learning 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, procedures and investigations are implemented as required to comply with state Harassment, Intimidation and Bullying (HIB) mandates.

Our School to Work Career Exploration program continues to offer students with disabilities 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 and the Community Food Bank 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

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 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, 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:

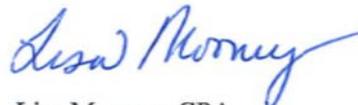
A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of the Holman Frenia Allison, PC. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

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

Respectfully submitted,


Philip J. Guenther, Ed. D.
Superintendent


Lisa Mooney, CPA
Business Administrator/
Board Secretary

ORGANIZATIONAL CHART 2015/2016
Effective July 1, 2015

BOARD OF EDUCATION OF THE SPECIAL SERVICES SCHOOL DISTRICT &
THE VOCATIONAL SCHOOL DISTRICT OF THE COUNTY OF ATLANTIC

Atlantic County Special Services School District
4805 Nawakwa Boulevard, Mays Landing, NJ 08330

Dr. Philip Guenther, Shared Superintendent

Dr. Kerri McGinley, Assistant Superintendent

Lisa Mooney
Shared School Business
Administrator/Board
Secretary

- Business Office Management
- Budget & Accounting
- Student Data
- Food Services
- Transportation
- Facilities
- Security

Jennifer Cruickshank
Supervisor

- Itinerant/Shared Services
- Related Services
- Child Study Teams
- Medical and Nursing Services

Tad Derenberger
Principal
Elementary/Middle School

- Professional Development
- Technology
- Clinics and Admissions
- Mentoring Program
- Scheduling/Roster

Eric Flecken
Principal
High School

- Professional Development
- School to Career Program
- Clinics and Admissions
- Statewide Assessment Coordinator
- Harborfields Detention Center

Gail Pietropola
Administrative
Assistant
Personnel

- District Advisory Committee
- Technology Coordinator
- School Resource Officer

Janene Askins
Vice Principal

- Curriculum Coordinator
- HIB/District Bullying Coordinator
- Social-Emotional Learning
- Affirmative Action

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
4805 Nawakwa Boulevard
Mays Landing, New Jersey 08330

ROSTER OF OFFICIALS

JUNE 30, 2015

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Philip Munafo, President	2017
Augustus Harmon, Vice President	2016
Marilyn Gallagher	2016
Dr. Norman Hirschfeld	2015
Mark W. Ludwick	2017
Joseph F. Zondlo	2015
Ann "Sally" Williams	Ex-Officio
Thomas J. Dowd, Executive County Superintendent	Ex-Officio

OTHER OFFICIALS

Philip J. Guenther, Ed. D., Superintendent
Lisa Mooney, CPA, Business Administrator/Board Secretary
Valerie Ritson, Assistant Board Secretary

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
4805 Nawakwa Boulevard
Mays Landing, New Jersey 08330

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Mays Landing, New Jersey 08330

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
4805 Nawakwa Boulevard
Mays Landing, New Jersey 08330**

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Jennifer Winnell, M.D.
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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Atlantic County Special Services School District
County of Atlantic
Mays Landing, New Jersey 08330

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Atlantic County Special Services School District, County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Atlantic County Special Services School District, County of Atlantic, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Atlantic County Special Services School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular(s) 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015 on our consideration of the Atlantic County Special Services School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Atlantic County Special Services School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Toms River, New Jersey
December 8, 2015

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

As described in Note 18 to the financial statements, "Prior Period Adjustment/Restatement of Net Position", the District has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the year ended June 30, 2015. The adoption of this principle resulted in a restatement of the District's opening net position as of July 1, 2014 in the amount of (\$23,359,742), as indicated in Note 18 to the financial statements. Prior year balances reflected in MD&A have been updated, for comparison purposes, to reflect the change where indicated.

FINANCIAL HIGHLIGHTS

- The net position of the District decreased \$646,489 due to an excess of expenditures over revenues.
- The State of New Jersey reimbursed the District \$604,374 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. The State also contributed \$1,097,644 for TPAF pension and post-retirement medical 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, 2015, the District's governmental activities expenditures were \$1,180,220 more than total revenues. During the prior fiscal year, expenditures exceeded revenues by \$1,378,661.
- In the District's business-type activities, net position increased \$533,731 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.
 - *Governmental fund* 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.

**Major Features of Atlantic County Special Services School District’s
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 such as food service and transportation enterprise.	Instances in which the District is the trustee or agent for someone else's resources, such as payroll agency and student activities.
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenses and Changes in Fund Balance	Statement of Net Position Statement of Activities Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of Asset and 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 will come due during the current year or soon thereafter; no capital assets or debt are 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 current year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the current year, regardless of when cash is received or paid.	All revenues and expenses during the current year, regardless of when cash is received or paid.

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 position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net position is 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, and Teachers Aide Enterprise funds are included here.

Fund Financial Statements

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

The District has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's governmental activities net position decreased between fiscal years 2015 and 2014 as a result of an excess of expenditures over revenues. The business-type activities net position decreased due to the excess of expenses over revenues.

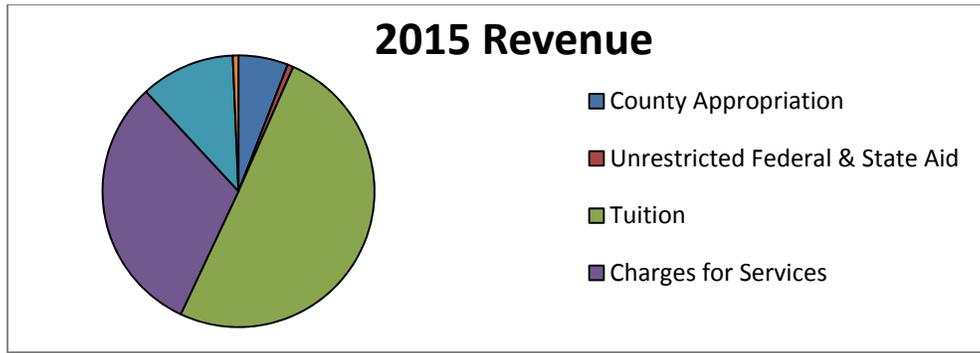
	June 30, 2015			June 30, 2014		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Current and other assets	\$ 3,441,383	\$ 3,203,248	\$ 6,644,631	\$ 3,634,508	\$ 2,707,790	\$ 6,342,298
Capital assets, net	21,491,916	1,534,772	23,026,688	22,029,125	1,753,014	23,782,139
Total assets	24,933,299	4,738,020	29,671,319	25,663,633	4,460,804	30,124,437
Deferred outflow of resources	2,197,176	-	2,197,176	1,031,122	-	1,031,122
Long-term liabilities	23,980,133	194,686	24,174,819	23,940,437	385,508	24,325,945
Other liabilities	1,525,462	753,462	2,278,924	1,344,801	819,155	2,163,956
Total liabilities	25,505,595	948,148	26,453,743	25,285,238	1,204,663	26,489,901
Deferred inflow of resources	1,395,583	-	1,395,583	-	-	-
Invested in capital assets, net	21,491,916	1,534,772	23,026,688	22,029,125	1,753,014	23,782,139
Restricted	510,492	-	510,492	502,986	-	502,986
Unrestricted	(21,773,111)	2,255,100	(19,518,011)	(21,122,594)	1,503,127	(19,619,467)
	<u>\$ 229,297</u>	<u>\$ 3,789,872</u>	<u>\$ 4,019,169</u>	<u>\$ 1,409,517</u>	<u>\$ 3,256,141</u>	<u>\$ 4,665,658</u>

Changes in net position. The total revenue of the District increased \$3,051,804 due to an increase in Charges for Services and Operating Grants & Contributions related to pension payments made by the State of New Jersey on-behalf of the District.

Approximately 48.6% 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.

2015 Revenue

	2015		2014	
	Amount	Percentage	Amount	Percentage
County Appropriation	\$ 2,050,096	5.76%	\$ 2,050,096	6.30%
Unrestricted Federal & State Aid	610,235	1.72%	116,233	0.36%
Tuition	17,300,771	48.64%	17,511,058	53.85%
Charges for Services	11,477,183	32.27%	10,815,482	33.26%
Operating Grants & Contributions	3,902,491	10.97%	1,787,631	5.50%
Other	226,748	0.64%	235,220	0.72%
	<u>\$ 35,567,524</u>	<u>100.00%</u>	<u>\$ 32,515,720</u>	<u>100.00%</u>



Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2015 and 2014 fiscal years.

	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue						
Program Revenue:						
Charges for Services	\$ 17,300,771	\$ 17,511,058	\$ 11,477,183	\$ 10,815,482	\$ 28,777,954	\$ 28,326,540
Operating Grants	3,673,677	-	228,814	231,665	3,902,491	231,665
General Revenues:						
County Appropriations	2,050,096	2,050,096	-	-	2,050,096	2,050,096
Federal & State Aid	610,235	116,233	-	-	610,235	116,233
Other	164,647	235,220	62,101	-	226,748	235,220
Total	<u>23,799,426</u>	<u>19,912,607</u>	<u>11,768,098</u>	<u>11,047,147</u>	<u>35,567,524</u>	<u>30,959,754</u>
Expenses						
Instruction:						
Special Instruction	7,607,307	7,845,081	-	-	7,607,307	7,845,081
Other Instruction	855,485	761,457	-	-	855,485	761,457
Support Services:						
Student & Instruction						
Related Services	2,884,228	3,038,669	-	-	2,884,228	3,038,669
School Administration	672,983	631,216	-	-	672,983	631,216
General & Business						
Administration	1,174,994	1,115,928	-	-	1,174,994	1,115,928
Plant Operations &						
Maintenance	1,607,410	1,653,937	-	-	1,607,410	1,653,937
Pupil Transportation	29,214	27,389	-	-	29,214	27,389
Unallocated Benefits	9,043,970	5,194,671	-	-	9,043,970	5,194,671
Unallocated Depreciation	798,079	889,920	-	-	798,079	889,920
Business-Type Activities	-	-	11,540,343	11,681,916	11,540,343	11,681,916
Total Expenses	<u>24,673,670</u>	<u>21,158,268</u>	<u>11,540,343</u>	<u>11,681,916</u>	<u>36,214,013</u>	<u>32,840,184</u>
Transfers	(305,976)	(133,000)	305,976	133,000	-	-
Change in Net Position	<u>\$ (1,180,220)</u>	<u>\$ (1,378,661)</u>	<u>\$ 533,731</u>	<u>\$ (501,769)</u>	<u>\$ (646,489)</u>	<u>\$ (1,880,430)</u>

Business-Type Activities

Revenues of the District's business-type activities increased approximately 6.5% when compared to the previous fiscal year while expenditures decreased 1.2% 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 \$2,916,271 which is \$404,558 lower than the beginning of the year. The most significant change was an increase in special education expenditures.

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 and Post-Retirement Medical Contributions, which are not budgeted, the District's budget revenue was less than actual revenues by \$1,004,692. This is a result of a smaller student population than anticipated and reduced miscellaneous revenue from itinerant services. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and On-Behalf TPAF Pension and Post-Retirement Medical Contributions, actual expenditures were below the budgeted appropriations by \$1,297,488. The most significant variances occurred in the area of salaries and benefits.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had invested \$23.0 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 \$755,451 or 3.2%, over last year. Refer to Note 6 to the Financial Statements for more detailed information.

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 8 to the Financial Statements for more detailed information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District budget for the 2015 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.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL JUNE 30, 2015
Cash & Cash Equivalents	\$ 2,659,130	\$ 1,971,419	\$ 4,630,549
Accounts Receivable, Net	245,211	1,138,525	1,383,736
Due From Other Funds	537,042	75,091	612,133
Inventory	-	18,213	18,213
Capital Assets Not Being Depreciated:			
Land	636,272	73,500	709,772
Capital Assets, Net of Accumulated Depreciation	<u>20,855,644</u>	<u>1,461,272</u>	<u>22,316,916</u>
Total Assets	<u>24,933,299</u>	<u>4,738,020</u>	<u>29,671,319</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	<u>2,197,176</u>	-	<u>2,197,176</u>
Total Deferred Outflow of Resources	<u>2,197,176</u>	<u>-</u>	<u>2,197,176</u>
Total Assets and Deferred Outflow of Resources	<u>27,130,475</u>	<u>4,738,020</u>	<u>31,868,495</u>
LIABILITIES			
Accounts Payable	269,230	147,611	416,841
Due to Other Funds	-	605,851	605,851
Unearned Revenues	255,882	-	255,882
PERS Pension Payable	1,000,350	-	1,000,350
Noncurrent Liabilities:			
Due Beyond One Year	<u>23,980,133</u>	<u>194,686</u>	<u>24,174,819</u>
Total Liabilities	<u>25,505,595</u>	<u>948,148</u>	<u>26,453,743</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	<u>1,395,583</u>	-	<u>1,395,583</u>
Total Deferred Inflow of Resources	<u>1,395,583</u>	<u>-</u>	<u>1,395,583</u>
Total Liabilities and Deferred Inflows of Resources	<u>26,901,178</u>	<u>948,148</u>	<u>27,849,326</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	21,491,916	1,534,772	23,026,688
Restricted For:			
Capital Projects	20,761	-	20,761
Other Purposes	489,731	-	489,731
Unrestricted	<u>(21,773,111)</u>	<u>2,255,100</u>	<u>(19,518,011)</u>
Total Net Position	<u>\$ 229,297</u>	<u>\$ 3,789,872</u>	<u>\$ 4,019,169</u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION			TOTAL JUNE 30, 2015
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		
Governmental Activities:							
Instruction:							
Special Education	\$ 7,607,307	\$ 17,300,771	\$ -	\$ 9,693,464	\$ -	\$ 9,693,464	(855,485)
Other Instruction	855,485	-	-	(855,485)	-	-	-
Support Services:							
Student & Instruction Related Services	2,884,228	-	12,481	(2,871,747)	-	(2,871,747)	(672,983)
School Administrative Services	672,983	-	-	(672,983)	-	-	(1,174,994)
Other Administrative Services	1,174,994	-	-	(1,174,994)	-	-	(1,607,410)
Plant Operations and Maintenance	1,607,410	-	-	(1,607,410)	-	-	(29,214)
Pupil Transportation	29,214	-	-	(29,214)	-	-	(5,382,774)
Unallocated Benefits	9,043,970	-	3,661,196	(5,382,774)	-	-	(798,079)
Unallocated Depreciation	798,079	-	-	(798,079)	-	-	-
Total Governmental Activities	24,673,670	17,300,771	3,673,677	(3,699,222)	-	(3,699,222)	
Business-Type Activities:							
Food Service	695,013	238,480	228,814	-	(227,719)	(227,719)	207,150
Transportation	7,345,473	7,552,623	-	-	207,150	207,150	186,223
Instruction	3,499,857	3,686,080	-	-	186,223	186,223	
Total Business-Type Activities	11,540,343	11,477,183	228,814	-	165,654	165,654	(3,533,568)
Total Primary Government	\$ 36,214,013	\$ 28,777,954	\$ 3,902,491	\$ (3,699,222)	\$ 165,654	\$ (3,533,568)	
General Revenues:							
Taxes:							
County Appropriations				2,050,096	-	2,050,096	610,235
Federal & State Aid Unrestricted				610,235	-	610,235	108,286
Non Resident Fees				108,286	-	108,286	53,152
Miscellaneous Income				53,152	-	53,152	(57,373)
Cancellation of Receivable Balance				(57,373)	-	(57,373)	-
Transfers				(305,976)	305,976	-	60,582
Cancellation of Prior Year Payables				60,582	62,101	122,683	
Total General Revenues, Special Items, Extraordinary Items & Transfers				2,519,002	368,077	2,887,079	
Change In Net Position				(1,180,220)	533,731	(646,489)	
Beginning Net Position, as Restated (See Note 18)				1,409,517	3,256,141	4,665,658	
Ending Net Position				\$ 229,297	\$ 3,789,872	\$ 4,019,169	

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

B. Fund Financial Statements

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Governmental Funds

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**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL JUNE 30, 2015
Cash & Cash Equivalents	\$ 2,167,023	\$ 2,376	\$ -	\$ 2,169,399
Intergovernmental Accounts Receivable:				
State	138,243	-	42,272	180,515
Other	64,696	-	-	64,696
Interfund Receivable	633,644	-	-	633,644
Restricted Cash	489,731	-	-	489,731
Total Assets	\$ 3,493,337	\$ 2,376	\$ 42,272	\$ 3,537,985
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 158,696	\$ 894	\$ -	\$ 159,590
Intergovernmental Payable	109,640	-	-	109,640
Unearned Revenues	254,400	1,482	-	255,882
Interfund Payable	75,091	-	21,511	96,602
Total Liabilities	597,827	2,376	21,511	621,714
Fund Balances:				
Restricted:				
Capital Reserve	364,049	-	-	364,049
Maintenance Reserve	125,682	-	-	125,682
Assigned to:				
Other Purposes	-	-	20,761	20,761
Unassigned	2,405,779	-	-	2,405,779
Total Fund Balances	2,895,510	-	20,761	2,916,271
Total Liabilities & Fund Balances	\$ 3,493,337	\$ 2,376	\$ 42,272	
Amounts reported for <i>governmental activities</i> in the Statement of Net Position (A-2) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$33,111,505 and accumulated depreciation is \$11,619,589.				21,491,916
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.				801,593
PERS pension payable is not due and payable in the current period and, therefore, is not reported as a liability in the funds.				(1,000,350)
Long-term liabilities, including net pension liability and compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. (See Illustrative Note 8)				(23,980,133)
Net Position of Governmental Activities				\$ 229,297

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL JUNE 30, 2015
Revenues:				
County Appropriations	\$ 2,050,096	\$ -	\$ -	\$ 2,050,096
Tuition	17,300,771	-	-	17,300,771
Non-Resident Fees	108,286	-	-	108,286
Miscellaneous	53,152	34,305	-	87,457
Total Local Sources	19,512,305	34,305	-	19,546,610
State Sources	1,702,018	-	115,022	1,817,040
Federal Sources	473,389	-	-	473,389
Total Revenues	21,687,712	34,305	115,022	21,837,039
Expenditures:				
Current Expense:				
Special Education	7,607,307	-	-	7,607,307
Other Instruction	855,485	-	-	855,485
Support Services & Undistributed Costs:				
Student & Instruction Related Services	2,871,747	12,481	-	2,884,228
School Administrative Services	672,983	-	-	672,983
Other Administrative Services	360,682	-	-	360,682
Central Services	724,858	-	-	724,858
Administrative Information Technology	89,454	-	-	89,454
Plant Operations and Maintenance	1,620,719	-	-	1,620,719
Pupil Transportation	29,214	-	-	29,214
Unallocated Benefits	6,846,339	-	-	6,846,339
Capital Outlay	48,553	21,824	177,184	247,561
Total Expenditures	21,727,341	34,305	177,184	21,938,830
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(39,629)	-	(62,162)	(101,791)
Other Financing Sources/(Uses):				
Cancellation of Prior Year Payables	60,582	-	-	60,582
Transfer from Capital Projects Fund to Capital Reserve	52,999	-	(52,999)	-
Cancellation of Receivable Balance	-	-	(57,373)	(57,373)
Transfers Out	(305,976)	-	-	(305,976)
Total Other Financing Sources/(Uses)	(192,395)	-	(110,372)	(302,767)
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(232,024)	-	(172,534)	(404,558)
Fund Balances July 1,	3,127,534	-	193,295	3,320,829
Fund Balances June 30,	\$ 2,895,510	\$ -	\$ 20,761	\$ 2,916,271

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (404,558)

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 capital outlays exceeded depreciation in the period:

Capital Outlays	\$	247,561	
Adjustment to Capital Assets		13,309	
Depreciation Expense		<u>(798,079)</u>	(537,209)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Unfunded TPAF Pension Expense	(1,959,178)		
State Share of Unfunded TPAF Pension Expense	1,959,178		
PERS District Pension Contribution - 2015	1,031,122		
Pension Expense	<u>(1,288,092)</u>		(256,970)

Repayment of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Prior Year	580,695		
Current Year		<u>(562,178)</u>	18,517

Change in Net Assets of Governmental Activities \$ (1,180,220)

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Proprietary Funds

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**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015**

	FOOD SERVICE	TRANSPORTATION	ITINERANT/ SHARED SERVICES	SCHOOLS TO CAREERS PROGRAMS	COUNTY PROGRAMS	STATE PROGRAMS	TOTAL
ASSETS							
Current Assets:							
Cash	\$ -	\$ 1,519,883	\$ 430,815	\$ -	\$ -	\$ 20,721	\$ 1,971,419
Accounts Receivable:							
Federal	18,070	-	-	-	-	-	18,070
State	239	-	-	-	-	-	239
Other	10,634	654,907	245,276	4,375	162,981	42,043	1,120,216
Interfund Receivable	75,091	-	-	-	-	-	75,091
Inventory	18,213	-	-	-	-	-	18,213
Total Current Assets	122,247	2,174,790	676,091	4,375	162,981	62,764	3,203,248
Noncurrent Assets:							
Land and Improvements	-	73,500	-	-	-	-	73,500
Building and Improvements	-	510,210	-	-	-	-	510,210
Machinery and Equipment	584,587	3,493,854	-	-	-	-	4,078,441
Less: Accumulated Depreciation	(479,515)	(2,647,864)	-	-	-	-	(3,127,379)
Total Noncurrent Assets	105,072	1,429,700	-	-	-	-	1,534,772
Total Assets	227,319	3,604,490	676,091	4,375	162,981	62,764	4,738,020
LIABILITIES							
Current Liabilities:							
Accounts Payable	1,193	144,050	2,368	-	-	-	147,611
Interfund Payable	195,552	-	267,091	1,195	142,013	-	605,851
Total Current Liabilities	196,745	144,050	269,459	1,195	142,013	-	753,462
Noncurrent Liabilities:							
Compensated Absences	14,013	180,673	-	-	-	-	194,686
Total Noncurrent Liabilities	14,013	180,673	-	-	-	-	194,686
Total Liabilities	210,758	324,723	269,459	1,195	142,013	-	948,148
NET POSITION							
Invested in Capital Assets,							
Net of Related Debt	105,072	1,429,700	-	-	-	-	1,534,772
Unrestricted	(88,511)	1,850,067	406,632	3,180	20,968	62,764	2,255,100
Total Net Position	\$ 16,561	\$ 3,279,767	\$ 406,632	\$ 3,180	\$ 20,968	\$ 62,764	\$ 3,789,872

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	FOOD SERVICE	TRANSPORTATION	ITINERANT/ SHARED SERVICES	SCHOOLS TO CAREERS PROGRAMS	COUNTY PROGRAMS	STATE PROGRAMS	TOTAL JUNE 30, 2015
Operating Revenues:							
Charges for Services:	\$ 238,480	\$ -	\$ -	\$ 8,215	\$ -	\$ -	\$ 246,695
Daily Sales	-	7,552,623	-	-	-	-	7,552,623
Transportation Fees	-	-	3,082,079	-	-	63,595	3,145,674
Fees for Service	-	-	-	-	532,191	-	532,191
County Aid Payments	-	-	-	-	-	-	-
Total Operating Revenue	238,480	7,552,623	3,082,079	8,215	532,191	63,595	11,477,183
Operating Expenses:							
Cost of Sales	209,617	-	-	-	-	-	209,617
Salaries and Wages	232,465	2,699,959	1,365,886	11,695	404,025	59,498	4,773,528
Employee Benefits	194,287	2,616,183	1,208,968	-	115,703	18,942	4,154,083
Travel	-	-	30	-	3,094	-	3,124
General Supplies	18,014	-	-	-	4,718	-	22,732
Other Purchased Services	-	-	300,405	-	-	-	300,405
Transportation Operations	-	1,084,469	-	-	-	-	1,084,469
Contracted Services	-	615,778	-	-	-	-	615,778
Depreciation Expense	38,880	313,159	-	-	-	-	352,039
Miscellaneous	1,750	13,137	1,350	-	5,543	-	21,780
Total Operating Expenses	695,013	7,342,685	2,876,639	11,695	533,083	78,440	11,537,555
Operating Income/(Loss)	(456,533)	209,938	205,440	(3,480)	(892)	(14,845)	(60,372)
Nonoperating Revenues (Expenses):							
State Sources:							
State School Lunch Program	2,828	-	-	-	-	-	2,828
Federal Sources:							
School Breakfast Program	75,482	-	-	-	-	-	75,482
National School Lunch Program	134,499	-	-	-	-	-	134,499
Food Distribution Program	16,005	-	-	-	-	-	16,005
Interest Expense	-	(2,788)	-	-	-	-	(2,788)
Cancellation of Prior Year Payables	4,280	480	55,551	-	1,260	530	62,101
Total Nonoperating Revenue (Expenses)	233,094	(2,308)	55,551	-	1,260	530	288,127
Other Financing Sources/(Uses):							
Operating Transfers In/(Out)	305,976	-	-	-	-	-	305,976
Total Other Financing Sources/(Uses)	305,976	-	-	-	-	-	305,976
Change in Net Position	82,537	207,630	260,991	(3,480)	368	(14,315)	533,731
Total Net Position - Beginning	(65,976)	3,072,137	145,641	6,660	20,600	77,079	3,256,141
Total Net Position - Ending	\$ 16,561	\$ 3,279,767	\$ 406,632	\$ 3,180	\$ 20,968	\$ 62,764	\$ 3,789,872

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	FOOD SERVICE	TRANSPORTATION	ITINERANT/ SHARED SERVICES	SCHOOLS TO CAREERS	COUNTY PROGRAMS	STATE PROGRAMS	TOTAL
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 240,251	\$ 7,820,919	\$ 3,062,363	\$ 13,680	\$ 593,009	\$ 83,022	\$ 11,813,244
Payments to Employees	(232,408)	(2,744,525)	(1,365,886)	(11,695)	(404,025)	(67,778)	(4,826,317)
Payments for Employee Benefits	(194,287)	(2,616,183)	(1,208,968)	-	(115,703)	(18,942)	(4,154,083)
Payments to Suppliers	(212,282)	(1,590,398)	(305,627)	(3,335)	(17,739)	-	(2,129,381)
Net Cash Flows From Operating Activities	(398,726)	869,813	181,882	(1,350)	55,542	(3,698)	703,463
Cash Flows From Capital Financing Activities:							
Purchase of Equipment	-	(133,796)	-	-	-	-	(133,796)
Interest Paid	-	(2,788)	-	-	-	-	(2,788)
Principal Paid on Lease Obligations	-	(138,034)	-	-	-	-	(138,034)
Net Cash Flows From Capital Financing Activities	-	(274,618)	-	-	-	-	(274,618)
Cash Flows From Noncapital Financing Activities:							
Cash Received From State & Federal Programs	212,499	-	-	-	-	-	212,499
Operating Subsidiaries and Transfers from/(to) Other Funds	186,227	(10,886)	-	1,195	(55,542)	-	120,994
Net Cash Flows From Noncapital Financing Activities	398,726	(10,886)	-	1,195	(55,542)	-	333,493
Net Change in Cash & Cash Equivalents	-	584,309	181,882	(155)	-	(3,698)	762,338
Balances - Beginning of Year	-	935,574	248,933	155	-	24,419	1,209,081
Balances - Ending of Year	\$ -	\$ 1,519,883	\$ 430,815	\$ -	\$ -	\$ 20,721	\$ 1,971,419
Reconciliation of Operating Income/(Loss) to Net Cash Flows From Operating Activities:							
Operating Income (Loss)	\$ (456,533)	\$ 209,938	\$ 205,440	\$ (3,480)	\$ (892)	\$ (14,845)	\$ (60,372)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (Used in) Operating Activities:							
Depreciation Expense	38,880	313,159	-	-	-	-	352,039
Food Distribution Program	16,005	-	-	-	-	-	16,005
Change in Assets & Liabilities:							
(Increase)/Decrease in Accounts Receivable	1,771	268,296	(19,716)	5,465	60,818	19,427	336,061
(Increase)/Decrease in Inventory	6,220	-	-	-	-	-	6,220
Increase/(Decrease) in Accounts Payable	(5,126)	122,986	(3,842)	(3,335)	(4,384)	-	106,299
Increase/(Decrease) in Compensated Absences	57	(44,566)	-	-	-	(8,280)	(52,789)
Net Cash Flows From Operating Activities	\$ (398,726)	\$ 869,813	\$ 181,882	\$ (1,350)	\$ 55,542	\$ (3,698)	\$ 703,463

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

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Fiduciary Fund

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**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITON
JUNE 30, 2015**

	PRIVATE PURPOSE			TOTAL JUNE 30, 2015
	UNEMPLOYMENT COMPENSATION INSURANCE	AGENCY FUNDS STUDENT ACTIVITY PAYROLL		
ASSETS				
Cash & Cash Equivalents	\$ 210,146	\$ 63,667	\$ 65,885	\$ 339,698
Total Assets	210,146	63,667	65,885	339,698
LIABILITIES				
Unemployment Claims Payable	2,883	-	-	2,883
Interfund Payable	-	-	6,282	6,282
Payroll Deductions & Withholdings	-	-	59,603	59,603
Due to Student Groups	-	63,667	-	63,667
Total Liabilities	2,883	63,667	65,885	132,435
NET POSITION				
Reserved	207,263	-	-	207,263
Total Net Position	\$ 207,263	\$ -	\$ -	\$ 207,263

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

	PRIVATE PURPOSE	TOTAL
	UNEMPLOYMENT COMPENSATION INSURANCE	JUNE 30, 2015
Additions:		
Local Sources:		
Employee Salary Deductions	\$ 34,329	\$ 34,329
Board Contribution	18,000	18,000
	52,329	52,329
Total Operating Revenues		
	52,329	52,329
Other Sources:		
Interest on Investments	715	715
	715	715
Total Additions	53,044	53,044
	53,044	53,044
Deductions:		
Unemployment Compensation Insurance Claims	21,567	21,567
	21,567	21,567
Total Deductions	21,567	21,567
	21,567	21,567
Change in Net Position	31,477	31,477
Net Position - Beginning of the Year	175,786	175,786
	175,786	175,786
Net Position - End of the Year	\$ 207,263	\$ 207,263
	207,263	207,263

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies

The financial statements of the Atlantic County Special Services School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

For the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits.

A. Reporting Entity

The Atlantic County Special Services School District is a Type I district located in the County of Atlantic, State of New Jersey. As a Type I district, the School District functions independently through a Board of Education. The Board consists of appointed officials by the County Freeholders and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. The purpose of the district is to educate students in grades 9 through 12. The Atlantic County Special Services School District had an approximate enrollment at June 30, 2015 of 431 students.

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.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is a component unit of the County of Atlantic, however, the County of Atlantic reports on a regulatory basis of accounting which excludes component units..

B. Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District had no component units as of and for the year ended June 30, 2015.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

C. Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

D. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

E. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

F. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

G. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

G. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is District policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

G. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay sub-fund.

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

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

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

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Transportation Fund – This fund accounts for the revenues and expenses pertaining to the transportation services provided to other districts within the State.

Itinerant/Shared Services 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.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

G. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Schools to Careers Fund – This fund accounts for the revenues and expenses pertaining to the Schools 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.

Additionally, the District reports the following major fiduciary funds:

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

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity's own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

H. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

I. 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 assigned 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.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

I. Encumbrances (continued)

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue 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.

J. 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.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.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 loss of funds on deposit with a failed banking institution in New Jersey.

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

K. Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2015 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

L. Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

M. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

N. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

O. 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 in which such services are rendered or in which such events take place.

In the Government-Wide financial statements, under governmental activities and business-type activities, compensated absences are reported as an expenditure and noncurrent liabilities.

P. Unearned Revenue

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

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

Q. Accrued Liabilities and Long-Term Obligations

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

R. Use of Estimates

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

S. Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2015.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

S. Fund Balance (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

T. Net Position

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

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

U. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No. 27) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of the Statements requires the District to report as an asset and/or a liability its portion of the collective net pension's asset and liability of the New Jersey Public Employees' Retirement System (PERS). The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

Also included as a deferred outflow is the District contributions to the pension system subsequent to the measurement date.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

U. Impact of Recently Issued Accounting Principles (continued)

Recently Issued and Adopted Accounting Pronouncements

The District has adopted and implemented all current standards of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2015.

GASB has issued Statement No. 72, *Fair Value Measurement and Application*, effective for the year ending June 30, 2016

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending June 30, 2016.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

V. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

W. Pensions

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

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued)

X. Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2015 through the date of December 8, 2015, which is the date the financial statements were available to be issued.

Note 2. Cash Deposits and Investments

A. Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, *NJSA 17:9-41* et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2015, the District’s bank balance of \$3,377,526 was insured or collateralized as shown below:

Insured under FDIC	\$ 250,000
Uninsured and uncollateralized	318,025
Collateralized in the District’s name under GUDPA	<u>2,809,501</u>
Total	<u>\$ 3,377,526</u>

B. Investments

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 2. Cash Deposits and Investments

B. Investments (continued)

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2015.

Note 3. Reserve Accounts

A. Capital Reserve

A capital reserve account was established by the Atlantic County Special Services School District 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 or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated 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.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 184,416
Increases:	
Budget Appropriation	73,598
Transfer Authorized June 22, 2015	52,128
Transfer from Capital Projects Fund	52,999
Interest Earned	<u>908</u>
Ending Balance, June 30, 2015	<u>\$ 364,049</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 3. Reserve Accounts

A. Capital Reserve

The June 30, 2015 LRFPA balance of local support costs of uncompleted capital projects at June 30, 2015 is \$692,050. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Rang Facilities Plan.

B. Maintenance Reserve Account

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

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

The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$	125,275
Increases:		
Interest Earnings		407
Ending Balance, June 30, 2015	\$	125,682

Note 4. Accounts Receivable

Accounts receivable at June 30, 2015 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Capital Projects Fund	Proprietary Funds	Total
State Aid	\$ 138,243	\$ 42,272	\$ 239	\$ 180,754
Federal Aid	-	-	18,070	18,070
Other	64,696	-	1,120,216	1,184,912
Total	\$ 202,939	\$ 42,272	\$ 1,138,525	\$ 1,383,736

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2015, the District made no transfers to capital outlay.

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	June 30, 2014	Additions	Transfers/ Adjustments	June 30, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 636,272	\$ -	\$ -	\$ 636,272
Construction in progress	3,957	-	(3,957)	-
	<hr/>			
Total capital assets not being depreciated	640,229	-	(3,957)	636,272
	<hr/>			
Capital assets being depreciated:				
Buildings and improvements	28,896,804	188,887	3,975	29,089,666
Machinery and equipment	4,208,982	56,123	(879,538)	3,385,567
Historical cost	33,105,786	245,010	(875,563)	32,475,233
	<hr/>			
Less: accumulated depreciation:				
Buildings and improvements	(8,822,221)	(745,947)	749,723	(8,818,445)
Machinery and equipment	(2,894,669)	(52,132)	145,657	(2,801,144)
Total accumulated depreciation	(11,716,890)	(798,079)	895,380	(11,619,589)
	<hr/>			
Total capital assets being depreciated, net	21,388,896	(553,069)	19,817	20,855,644
	<hr/>			
Governmental activities capital assets, net	\$ 22,029,125	\$ (553,069)	\$ 15,860	\$ 21,491,916
	<hr/>			

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 6. Capital Assets (continued)

	June 30, 2014	Additions	Transfers/ Adjustments	June 30, 2015
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 73,500	\$ -	\$ -	\$ 73,500
<hr/>				
Total capital assets not being depreciated	73,500	-	-	73,500
<hr/>				
Capital assets being depreciated:				
Buildings and improvements	510,210	-	-	510,210
Equipment	3,944,308	133,130	1,003	4,078,441
Historical cost	4,454,518	133,130	1,003	4,588,651
<hr/>				
Less: accumulated depreciation:				
Buildings and improvements	(178,345)	(13,661)	13,161	(178,845)
Equipment	(2,596,659)	(338,377)	(13,498)	(2,948,534)
Total accumulated depreciation	(2,775,004)	(352,038)	(337)	(3,127,379)
<hr/>				
Total capital assets being depreciated, net	1,679,514	(218,908)	666	1,461,272
<hr/>				
Business-type activities capital assets, net	\$ 1,753,014	\$ (218,908)	\$ 666	\$ 1,534,772
<hr/>				

Depreciation expense was charged to governmental and business-type functions/programs as follows:

Governmental Activities:	
Unallocated	\$ 798,079
Total Depreciation Expense - Governmental Activities	\$ 798,079
Business-Type Activities:	
Food Service Fund	\$ 352,039
Total Depreciation Expense - Business-Type Activities	\$ 352,039

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 7. Interfund Receivables and Payables

Individual fund receivables/payables balances at June 30, 2015 are as follows:

Fund	Interfund Receivable	Interfund Payable
Governmental Funds	\$ 633,644	\$ 96,602
Proprietary Funds	75,091	605,851
Fiduciary Funds	-	6,282
	<u> </u>	<u> </u>
	<u>\$ 708,735</u>	<u>\$ 708,735</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 52,999	\$ 305,976
Enterprise Funds	<u>305,976</u>	<u>52,999</u>
	<u>\$ 358,975</u>	<u>\$ 358,975</u>

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

Note 8. Long-Term Obligations

During the fiscal year ended June 30, 2015 the following changes occurred in liabilities reported in the governmental activities long-term obligations account group:

	June 30, 2014	Increased	Decreased	June 30, 2015	Amounts Due Within One Year
Governmental activities:					
Net Pension Liability	\$ 23,359,742	\$ 58,213	\$ -	\$ 23,417,955	\$ -
Compensated absences payable	<u>580,695</u>	<u>-</u>	<u>18,517</u>	<u>562,178</u>	<u>-</u>
Total	<u>\$ 23,940,437</u>	<u>\$ 58,213</u>	<u>\$ 18,517</u>	<u>\$ 23,980,133</u>	<u>\$ -</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 8. Long-Term Obligations (continued)

During the fiscal year ended June 30, 2015 the following changes occurred in liabilities reported in the business-type activities long-term obligations account group:

	June 30, 2014	Increased	Decreased	June 30, 2015	Amounts Due Within One Year
Business-type activities:					
Capital leases	\$ 138,034	\$ -	\$ 138,034	\$ -	\$ -
Compensated absences payable	247,474	-	52,788	194,686	-
	<u>\$ 385,508</u>	<u>\$ -</u>	<u>\$ 190,822</u>	<u>\$ 194,686</u>	<u>\$ -</u>

Note 9. Pension Obligations

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

The following represents the membership tiers for PERS:

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/15	\$ 584,112	100%	\$ 23,417,955
06/30/14	495,409	100%	23,359,742
06/30/13	482,484	100%	-0-

Components of Net Pension Liability - At June 30, 2015, the District reported a liability of \$23,417,955 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was 0.1251%, which was an increase of 0.0029 from its proportion measured as of June 30, 2013.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Collective Balances at June 30, 2015 and June 30, 2014

	<u>06/30/15</u> July 1, 2014	<u>06/30/14</u> July 1, 2013
Actuarial valuation date		
Deferred Outflows of Resources	\$ 2,197,176	\$ 1,031,122
Deferred Inflows of Resources	\$ 1,395,583	\$ -
Net Pension Liability	\$ 23,417,955	\$ 23,359,742
District's portion of the Plan's total Net Pension Liability	0.12508%	0.12223%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2015, the District recognized pension expense of \$1,288,092. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of assumptions	\$ 736,386	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,395,583
Changes in proportion and differences between District contributions and proportionate share of contributions	460,440	-
District contributions subsequent to the measurement date	<u>1,000,350</u>	<u>-</u>
Total	<u>\$ 2,197,176</u>	<u>\$ 1,395,583</u>

\$1,000,350 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Year Ended June 30,		
2016	\$	(72,683)
2017		(72,683)
2018		(72,683)
2019		(72,683)
2020		(72,683)
Thereafter		<u>164,658</u>
Total	\$	<u><u>(198,757)</u></u>

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	2012-2012 - 2.15-4.40%
	Based on Age
	Thereafter - 3.15-5.40%
	Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate - The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	<u>4.39% 1% Decrease</u>	<u>5.39% Current Discount Rate</u>	<u>6.39% 1% Increase</u>
District's proportionate share of the net pension liability	\$ 29,460,584	\$ 23,417,955	\$ 18,343,683

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

Three-Year Trend Information for TPAF (Paid on behalf of the District)

Year Funding	Post-Retirement	Percentage of APC Contributed	Net Pension Obligation
	Medical & Annual Pension Cost (APC)		
06/30/15	\$ 1,097,644	100%	\$-0-
06/30/14	925,422	100%	-0-
06/30/13	1,135,043	100%	-0-

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

	<u>TPAF</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	Varies Based on Experience
Inflation rate	2.50%

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds / Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9. Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Discount Rate - The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

C. Defined Contribution Retirement Program (DCRP)

The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2015, the District did not apply forfeitures to reduce the District's pension expense.

Note 10. 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, 2015, there were 103,432 retirees receiving post-retirement

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 10. Post-Retirement Benefits (continued)

medical benefits, and the state contributed \$1.07 billion on their behalf.. 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 benefits changed from a pre-funding 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 employer paid 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

Note 11. Risk Management

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District has elected to fund their 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. The District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s expendable trust fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions	Other Sources	Interest Earned	Amount Reimbursed	Ending Balance
2014-2015	\$ 18,000	\$ 34,329	\$ -	\$ 715	\$ 21,567	\$ 207,263
2013-2014	18,000	34,649	38,919	240	31,549	175,786
2012-2013	18,000	40,999	-	213	55,824	115,527

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2015 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 13. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

Note 14. Deferred Compensation

The District 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 to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

The Equitable
Met Life

Lincoln Investments
Frank J. Siracusa & Sons

Fidelity Investments
Vanguard

Note 15. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2015 is \$562,178.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. The current portion of the compensated absence balance is not considered material to the proprietary fund total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2015 is \$194,686.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 16. Deficit Unrestricted Net Position

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$(21,773,111) existed as of June 30, 2015 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

Note 17. Fund Balance

General Fund – Of the \$2,895,510 General Fund fund balance at June 30, 2015, \$364,049 has been reserved in the Capital Reserve Account; \$125,682 has been reserved in the Maintenance Reserve Account; and \$2,405,779 is unassigned.

Capital Projects Fund – The entire \$20,761 Capital Projects Fund balance at June 30, 2015 has been assigned to other purposes.

Note 18. Prior Period Adjustment/Restatement of Net Position

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	Governmental Activities
Net Position as previously reported at June 30, 2014	\$ 24,769,259
Prior period adjustment - Implementation of GASB #68:	
Net Pension Liability (Measurement date as of June 30, 2013)	\$ (23,359,742)
PERS Pension Payable at June 30, 2014	(1,031,122)
Deferred Outflows (District contributions made during fiscal year 2014)	1,031,122
Total prior period adjustment	(23,359,742)
Net Position as restated, July 1, 2014	\$ 1,409,517

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Revenues:						
Local Sources:						
County Tax Levy	10-1210	\$ 2,050,096	\$ -	\$ 2,050,096	\$ 2,050,096	\$ -
Tuition from LEA's	10-1320	17,544,012	-	17,544,012	16,643,471	(900,541)
Tuition from Other Sources	10-1340	682,500	-	682,500	657,300	(25,200)
Non-Resident Fees	10-1350	119,939	-	119,939	108,286	(11,653)
Interest Earned on Capital Reserve Funds	10-1510	100	-	100	908	808
Interest Earned on Maintenance Reserve Funds	10-1510	20	-	20	407	387
Other Local Revenue/Miscellaneous	10-1xxx	120,330	-	120,330	51,837	(68,493)
Total Local Sources		20,516,997	-	20,516,997	19,512,305	(1,004,692)
State Sources:						
On-Behalf TPAF Contributions - Pension (Non-Budgeted)	10-3901	-	-	-	424,210	424,210
On-Behalf TPAF Contributions - Post-Retirement Medical (Non-Budgeted)	10-3901	-	-	-	673,434	673,434
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	10-3902	-	-	-	604,374	604,374
Total State Sources		-	-	-	1,702,018	1,702,018
Federal Sources:						
Special Education - Medicaid Initiative	10-4200	150,000	-	150,000	456,821	306,821
Workforce Investment Act - Youth Activities	10-4700	-	-	-	16,568	16,568
Total Federal Services		150,000	-	150,000	473,389	323,389
Total Revenues		20,666,997	-	20,666,997	21,687,712	1,020,715
Expenditures:						
Current Expense:						
Special Education - Behavioral Disabilities:						
Salaries of Teachers	11-209-100-101	186,885	(35,976)	150,909	85,952	64,957
Other Salaries for Instruction	11-209-100-106	70,784	-	70,784	36,673	34,111
General Supplies	11-209-100-610	1,000	-	1,000	-	1,000
Total Behavioral Disabilities		258,669	(35,976)	222,693	122,625	100,068
Special Education - Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	3,373,945	(89,146)	3,284,799	3,208,217	76,582
Other Salaries for Instruction	11-212-100-106	1,909,903	(20,000)	1,889,903	1,887,464	2,439
Purchased Professional Education Serv	11-212-100-320	8,000	600	8,600	8,110	490
Other Purchased Services	11-212-100-500	2,000	-	2,000	757	1,243
General Supplies	11-212-100-610	77,688	20,000	97,688	92,450	5,238
Textbooks	11-212-100-640	12,264	(600)	11,664	1,103	10,561
Other Objects	11-212-100-800	25,500	-	25,500	5,027	20,473
Total Multiple Disabilities		5,409,300	(89,146)	5,320,154	5,203,128	117,026
Special Education - Autism:						
Salaries of Teachers	11-214-100-101	410,405	11,585	421,990	421,990	-
Other Salaries for Instruction	11-214-100-106	481,245	(11,585)	469,660	408,620	61,040
Purchased Professional Education Services	11-214-100-320	5,200	-	5,200	1,950	3,250
General Supplies	11-214-100-610	2,500	-	2,500	1,793	707
Textbooks	11-214-100-640	500	-	500	-	500
Other Objects	11-214-100-800	2,000	-	2,000	367	1,633
Total Autism		901,850	-	901,850	834,720	67,130
Special Education - Preschool Disabilities:						
Salaries of Teachers	11-216-100-101	229,129	(59,860)	169,269	143,760	25,509
Other Salaries for Instruction	11-216-100-106	167,530	11,273	178,803	178,803	-
General Supplies	11-216-100-610	3,525	-	3,525	308	3,217
Textbooks	11-216-100-800	500	-	500	-	500
Total Preschool Disabilities - Full-Time		400,684	(48,587)	352,097	322,871	29,226

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Special Education - Extended School Year:						
Salaries of Teachers	11-221-100-101	269,197	1,718	270,915	270,790	125
Other Salaries for Instruction	11-221-100-106	153,200	(12,118)	141,082	126,395	14,687
Purchased Professional Education Services	11-221-100-320	9,290	10,400	19,690	13,035	6,655
General Supplies	11-221-100-610	4,000	-	4,000	3,962	38
Other Objects	11-221-100-800	24,225	-	24,225	21,287	2,938
Total Extended School Year		459,912	-	459,912	435,469	24,443
Special Education - Cognitive - Severe:						
Salaries of Teachers	11-222-100-101	266,137	48,587	314,724	312,526	2,198
Other Salaries for Instruction	11-222-100-106	195,821	-	195,821	164,360	31,461
Purchased Professional Education Services	11-222-100-320	210,707	-	210,707	210,707	-
General Supplies	11-222-100-610	3,220	-	3,220	901	2,319
Other Objects	11-222-100-800	2,500	-	2,500	-	2,500
Total Cognitive - Instruction		678,385	48,587	726,972	688,494	38,478
Total Special Education		8,108,800	(125,122)	7,983,678	7,607,307	376,371
Other Instructional Programs - Instruction:						
Salaries	11-400-100-100	791,115	89,147	880,262	849,009	31,253
Supplies and Materials	11-400-100-600	14,543	-	14,543	6,476	8,067
Total Other Instructional Programs - Instruction		805,658	89,147	894,805	855,485	39,320
Undistributed Expenditures:						
Health Services:						
Salaries	11-000-213-100	328,757	-	328,757	322,963	5,794
Purchased Professional and Technical Services	11-000-213-300	166,676	(15,000)	151,676	120,159	31,517
Supplies and Materials	11-000-213-600	5,500	-	5,500	4,346	1,154
Other Objects	11-000-213-800	1,500	-	1,500	270	1,230
Total Health Services		502,433	(15,000)	487,433	447,738	39,695
Speech, OT, PT & Related Services:						
Salaries	11-000-216-100	1,640,918	-	1,640,918	1,547,757	93,161
Purchased Professional Education Services	11-000-216-320	2,500	-	2,500	-	2,500
Other Objects	11-000-216-600	11,750	-	11,750	7,536	4,214
Total Speech, OT, PT & Related Services		1,655,168	-	1,655,168	1,555,293	99,875
Child Study Team:						
Salaries of Other Professional Staff	11-000-219-104	780,976	-	780,976	762,052	18,924
Salaries of Secretarial and Clerical Assistants	11-000-219-105	160,230	(57,400)	102,830	75,782	27,048
Other Purchased Services	11-000-219-500	1,200	-	1,200	10	1,190
Supplies and Materials	11-000-219-600	5,840	-	5,840	705	5,135
Other Objects	11-000-219-800	5,000	-	5,000	3,257	1,743
Total Child Study Team		953,246	(57,400)	895,846	841,806	54,040
Educational Media/Library Services:						
Salaries	11-000-222-100	4,400	-	4,400	4,155	245
Purchased Professional and Technical Services	11-000-222-300	20,000	(2,000)	18,000	7,472	10,528
Other Purchased Services	11-000-222-500	600	-	600	-	600
Total Educational Media/Library Services		25,000	(2,000)	23,000	11,627	11,373
Instructional Staff Training Services:						
Purchased Professional - Educational Services	11-000-223-320	7,600	2,000	9,600	9,059	541
Other Purchased Services	11-000-223-500	1,000	-	1,000	342	658
Supplies and Materials	11-000-223-600	6,000	-	6,000	5,882	118
Total Instructional Staff Training Services		14,600	2,000	16,600	15,283	1,317

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services - General Administration:						
Salaries	11-000-230-100	217,964	(24,167)	193,797	191,824	1,973
Legal Services	11-000-230-331	30,000	8,662	38,662	35,839	2,823
Audit Fees	11-000-230-332	25,000	1,750	26,750	26,750	-
Architectural/Engineering Services	11-000-230-334	3,500	(3,207)	293	-	293
Other Purchased Professional Services	11-000-230-339	-	14,974	14,974	10,524	4,450
Communications/Telephone	11-000-230-530	46,750	-	46,750	31,497	15,253
BOE Other Purchased Services	11-000-230-585	2,500	-	2,500	1,180	1,320
Misc. Purchased Services	11-000-230-590	31,575	16,000	47,575	44,061	3,514
General Supplies	11-000-230-610	8,200	-	8,200	5,447	2,753
BOE In-House Training/Meeting Supplies	11-000-230-630	2,500	-	2,500	1,850	650
Miscellaneous Expenditures	11-000-230-890	4,900	-	4,900	3,416	1,484
BOE Membership Dues and Fees	11-000-230-895	8,300	-	8,300	8,294	6
Total Support Services - General Administration		381,189	14,012	395,201	360,682	34,519
Support Services - School Administration:						
Salaries of Principals/Asst. Principals/Program Director	11-000-240-103	428,213	-	428,213	419,843	8,370
Salaries of Secretarial and Clerical Assistants	11-000-240-105	206,664	57,400	264,064	241,348	22,716
Other Salaries	11-000-240-110	3,000	-	3,000	-	3,000
Other Professional Services	11-000-240-500	7,500	-	7,500	718	6,782
Supplies and Materials	11-000-240-600	12,200	-	12,200	6,046	6,154
Other Objects	11-000-240-800	5,565	-	5,565	5,028	537
Total Support Services - School Administration		663,142	57,400	720,542	672,983	47,559
Central Services:						
Salaries	11-000-251-100	662,894	1,945	664,839	664,628	211
Purchased Professional Services	11-000-251-330	49,844	(1,945)	47,899	41,811	6,088
Misc. Purchased Services	11-000-251-592	12,000	-	12,000	5,667	6,333
Supplies and Materials	11-000-251-600	13,400	-	13,400	10,410	2,990
Miscellaneous Expenditures	11-000-251-890	2,500	-	2,500	2,342	158
Total Central Services		740,638	-	740,638	724,858	15,780
Administrative Information Technology:						
Salaries	11-000-252-100	71,009	-	71,009	68,009	3,000
Purchased Technical Services	11-000-252-340	-	17,000	17,000	12,175	4,825
Supplies and Materials	11-000-252-600	11,280	-	11,280	9,270	2,010
Total Administrative Information Technology		82,289	17,000	99,289	89,454	9,835
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	234,709	(4,000)	230,709	222,881	7,828
Cleaning, Repairs, and Maintenance Services	11-000-261-420	155,600	4,125	159,725	148,735	10,990
General Supplies	11-000-261-610	42,800	3,023	45,823	40,020	5,803
Other Objects	11-000-261-800	18,500	(3,023)	15,477	15,391	86
Total Required Maintenance for School Facilities		451,609	125	451,734	427,027	24,707
Custodial Services:						
Salaries	11-000-262-100	415,824	(6,300)	409,524	366,001	43,523
Purchased Professional and Technical Services	11-000-262-300	6,800	-	6,800	2,900	3,900
Cleaning, Repairs, and Maintenance Services	11-000-262-420	20,200	-	20,200	18,838	1,362
Other Purchased Property Services	11-000-262-490	21,000	2,300	23,300	23,144	156
Insurance	11-000-262-520	68,800	(13,721)	55,079	55,079	-
General Supplies	11-000-262-610	46,510	4,721	51,231	50,550	681
Energy (Natural Gas)	11-000-262-621	110,880	13,000	123,880	117,391	6,489
Energy (Electricity)	11-000-262-622	400,000	(13,000)	387,000	366,534	20,466
Total Custodial Services		1,090,014	(13,000)	1,077,014	1,000,437	76,577

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Care & Upkeep of Grounds:						
Cleaning , Repairs, and Maintenance Services	11-000-263-420	25,965	(4,125)	21,840	21,065	775
General Supplies	11-000-263-610	8,500	-	8,500	6,918	1,582
Total Care & Upkeep of Grounds		34,465	(4,125)	30,340	27,983	2,357
Security:						
Salaries	11-000-266-100	91,203	(1,000)	90,203	88,076	2,127
Purchased Professional and Technical Services	11-000-266-300	74,094	1,000	75,094	75,094	-
General Supplies	11-000-266-610	2,810	-	2,810	2,102	708
Total Security		168,107	-	168,107	165,272	2,835
Total Operation & Maintenance of Plant Services		1,744,195	(17,000)	1,727,195	1,620,719	106,476
Student Transportation Services:						
Contract Services	11-000-270-512	37,800	-	37,800	29,214	8,586
Other Objects	11-000-270-800	5,000	-	5,000	-	5,000
Student Transportation Services		42,800	-	42,800	29,214	13,586
Personnel Services - Unallocated Employee Benefits:						
Social Security Contributions	11-000-291-220	410,000	10,061	420,061	413,779	6,282
Other Retirement Contributions - PERS	11-000-291-241	547,000	37,112	584,112	584,112	-
Other Retirement Contributions - Regular	11-000-291-249	3,500	-	3,500	-	3,500
Unemployment Compensation	11-000-291-250	18,000	-	18,000	18,000	-
Workmen's Compensation	11-000-291-260	307,800	(16,000)	291,800	278,558	13,242
Health Benefits	11-000-291-270	4,233,500	(122,173)	4,111,327	3,789,298	322,029
Tuition Reimbursement	11-000-291-280	35,000	-	35,000	19,847	15,153
Other Employee Benefits	11-000-291-290	78,021	-	78,021	40,727	37,294
Total Personnel Services - Unallocated Employee Benefits		5,632,821	(91,000)	5,541,821	5,144,321	397,500
On-Behalf TPAF Contributions - Pension (Non-Budgeted)		-	-	-	424,210	(424,210)
On-Behalf TPAF Contributions - Post-Retirement						
Medical (Non-Budgeted)		-	-	-	673,434	(673,434)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)		-	-	-	604,374	(604,374)
Total Undistributed Expenditures		12,437,521	(91,988)	12,345,533	13,215,996	(870,463)
Total General Current Expenditures		21,351,979	(127,963)	21,224,016	21,678,788	(454,772)
Capital Outlay:						
Equipment:						
Multiple Disabilities	12-212-100-730	10,000	-	10,000	-	10,000
Undistributed Expenditures:						
Instruction	12-000-100-730	5,000	-	5,000	-	5,000
Required Maintenance for School Facilities	12-000-260-730	49,500	5,387	54,887	48,553	6,334
Care & Upkeep of Grounds	12-000-263-730	11,800	(5,387)	6,413	-	6,413
Total Equipment		76,300	-	76,300	48,553	27,747
Total Capital Outlay		76,300	-	76,300	48,553	27,747
Total Expenditures		21,428,279	(127,963)	21,300,316	21,727,341	(427,025)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(761,282)	127,963	(633,319)	(39,629)	593,690

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ACCOUNT NUMBERS	JUNE 30, 2015			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Financing Sources/(Uses):					
Cancellation of Prior Year Payables	-	-	-	60,582	60,582
Transfer of Interest Earned on Capital Reserve	(100)	-	(100)	-	100
Transfer of Interest Earned on Maintenance Reserve	(20)	-	(20)	-	20
Increase in Capital Reserve	(73,598)	-	(73,598)	-	73,598
Transfer from Capital Projects Fund to Capital Reserve	-	-	-	52,999	52,999
Operating Transfers Out:					
Transfer To Enterprise Funds	(165,000)	(140,976)	(305,976)	(305,976)	-
Total Other Financing Sources/(Uses)	(238,718)	(140,976)	(379,694)	(192,395)	187,299
Excess/(Deficiency) of Revenues & Other Financing Sources/(Uses)					
Over/(Under) Expenditures & Other Financing Uses	(1,000,000)	(13,013)	(1,013,013)	(232,024)	780,989
Fund Balances, July 1	3,127,534	-	3,127,534	3,127,534	-
Fund Balances, June 30	\$ 2,127,534	\$ (13,013)	\$ 2,114,521	\$ 2,895,510	\$ 780,989

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Reserve for Encumbrances	<u>\$ (13,013)</u>
Total Budget Transfers	<u>\$ (13,013)</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 364,049
Maintenance Reserve	125,682
Unassigned Fund Balance	<u>2,405,779</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 2,895,510</u>

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES					
Local Sources	\$ -	\$ 35,787	\$ 35,787	\$ 34,305	\$ (1,482)
Total Revenues	-	35,787	35,787	34,305	(1,482)
EXPENDITURES:					
Support Services:					
Other Purchased Services (400-500 Series)	-	13,393	13,393	12,481	912
Total Support Services	-	13,393	13,393	12,481	912
Facilities Acquisition & Construction Services:					
Construction Services	-	16,354	16,354	15,884	470
Non-Instructional Equipment	-	6,040	6,040	5,940	100
Total Facilities Acquisition & Construction Services	-	22,394	22,394	21,824	570
Total Expenditures	-	35,787	35,787	34,305	1,482
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 21,687,712	\$ 34,305
	<u>21,687,712</u>	<u>34,305</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 21,687,712</u>	<u>\$ 34,305</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 21,727,341	\$ 34,305
	<u>21,727,341</u>	<u>34,305</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 21,727,341</u>	<u>\$ 34,305</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.125%	0.122%
District's proportionate share of the net pension liability (asset)	\$ 23,417,955	\$ 23,359,742
District's covered-employee payroll	\$ 8,719,053	\$ 8,676,108
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	268.584%	269.242%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 584,112	\$ 495,409
Contributions in relation to the contractually required contribution	<u>584,112</u>	<u>495,409</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,719,053	\$ 8,676,108
Contributions as a percentage of covered-employee payroll	0.067%	0.057%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.083%	0.082%
District's proportionate share of the net pension liability (asset)	\$ 44,293,160	\$ 41,665,099
District's covered-employee payroll	\$ 8,522,183	\$ 8,480,208
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	519.740%	491.322%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Teachers' Pension and Annuity Fund (TPAF)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Atlanticare Health Grant	2015
Revenues:		
Local Sources	\$ 34,305	\$ 34,305
	<hr/>	<hr/>
Total Revenues	\$ 34,305	\$ 34,305
	<hr/> <hr/>	<hr/> <hr/>
Expenditures:		
Instruction:		
Salaries of Teachers	\$ -	\$ -
Instruction Purchased Services	-	-
General Supplies	-	-
	<hr/>	<hr/>
Total Instruction	-	-
	<hr/>	<hr/>
Support Services:		
Other Purchased Services (400-500 Series)	12,481	12,481
	<hr/>	<hr/>
Total Support Services	12,481	12,481
	<hr/>	<hr/>
Facilities Acquisition & Construction Services:		
Construction Services	15,884	15,884
Non-Instructional Equipment	5,940	5,940
	<hr/>	<hr/>
Total Facilities Acquisition & Construction Services	21,824	21,824
	<hr/>	<hr/>
Total Expenditures	\$ 34,305	\$ 34,305
	<hr/> <hr/>	<hr/> <hr/>

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F. Capital Projects Fund

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES FOR MANAGED CAPITAL PROJECTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PROJECT TITLE	DATE	EXPENDITURES				CANCELLATION OF RECEIVABLE BALANCE	UNEXPENDED BALANCE JUNE 30, 2015
		APPROPRIATIONS	PRIOR YEARS	CURRENT YEAR EXPENDITURES	TRANSFER TO CAPITAL RESERVE		
Renovations and Upgrades to High School	4/9/2014	\$ 329,333	\$ 7,175	\$ 177,184	\$ 52,999	\$ 57,373	\$ 34,602
Total		\$ 329,333	\$ 7,175	\$ 177,184	\$ 52,999	\$ 57,373	\$ 34,602

Reconciliation of Fund Balance, June 30, 2015

Unexpended Project Balances, June 30, 2015	\$ 34,602
Less:	
Unexpended State Aid - ROD Grants	(13,841)
Total Fund Balance (GAAP Basis) - June 30, 2015	<u>\$ 20,761</u>

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Revenues:	
State Sources - ROD Grant	\$ -
Transfer from Capital Reserve	-
	<hr/>
Total Revenues	-
	<hr/>
Expenditures:	
Purchased Professional & Technical Services	177,184
	<hr/>
Total Expenditures	177,184
	<hr/>
Other Financing Sources/(Uses):	
Transfer to Capital Reserve	(52,999)
Cancellation of Receivable Balance	(57,373)
	<hr/>
Total Other Financing Sources/(Uses)	(110,372)
	<hr/>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(287,556)
Fund Balance - Beginning	322,158
	<hr/>
Fund Balance - Ending	\$ 34,602
	<hr/> <hr/>

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
RENOVATIONS AND UPGRADES TO HIGH SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - ROD Grant	\$ 131,733	\$ -	\$ 131,733	\$ 131,733
Transfer from Capital Reserve	197,600	-	197,600	197,600
Total Revenues	329,333	-	329,333	329,333
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	7,175	177,184	184,359	218,961
Transfer to Capital Reserve	-	52,999	52,999	52,999
Cancellation of Receivable Balance	-	57,373	57,373	57,373
Total Expenditures	7,175	287,556	294,731	329,333
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 322,158	\$ (287,556)	\$ 34,602	\$ -

Additional Project Information:

Project Number	0125-060-14-1002; 0125-060-14-1004
Grant Date	04/09/14
Bond Authorization Date	N/A
Bonds Authorization	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 329,333.00
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 329,333.00
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	100.00%
Original Target Completion Date	September 2014
Revised Target Completion Date	September 2014

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G. Proprietary Funds

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Enterprise Funds

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**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

ASSETS	FOOD SERVICE	TRANSPORTATION	ITINERANT/ SHARED SERVICES	SCHOOLS TO CAREERS PROGRAMS	COUNTY PROGRAMS	STATE PROGRAMS	2015
Current Assets:							
Cash	\$ -	\$ 1,519,883	\$ 430,815	\$ -	\$ -	\$ 20,721	\$ 1,971,419
Accounts Receivable:							
Federal	18,070	-	-	-	-	-	18,070
State	239	-	-	-	-	-	239
Other	10,634	654,907	245,276	4,375	162,981	42,043	1,120,216
Interfund Receivable	75,091	-	-	-	-	-	75,091
Inventory	18,213	-	-	-	-	-	18,213
Total Current Assets	122,247	2,174,790	676,091	4,375	162,981	62,764	3,203,248
Noncurrent Assets:							
Land and Improvements	-	73,500	-	-	-	-	73,500
Building and Improvements	-	510,210	-	-	-	-	510,210
Machinery and Equipment	584,587	3,493,854	-	-	-	-	4,078,441
Less: Accumulated Depreciation	(479,515)	(2,647,864)	-	-	-	-	(3,127,379)
Total Noncurrent Assets	105,072	1,429,700	-	-	-	-	1,534,772
Total Assets	227,319	3,604,490	676,091	4,375	162,981	62,764	4,738,020
LIABILITIES							
Current Liabilities:							
Accounts Payable	1,193	144,050	2,368	-	-	-	147,611
Interfund Payable	195,552	-	267,091	1,195	142,013	-	605,851
Total Current Liabilities	196,745	144,050	269,459	1,195	142,013	-	753,462
Noncurrent Liabilities:							
Compensated Absences	14,013	180,673	-	-	-	-	194,686
Total Noncurrent Liabilities	14,013	180,673	-	-	-	-	194,686
Total Liabilities	210,758	324,723	269,459	1,195	142,013	-	948,148
NET POSITION							
Invested in Capital Assets,	105,072	1,429,700	-	-	-	-	1,534,772
Net of Related Debt Unrestricted	(88,511)	1,850,067	406,632	3,180	20,968	62,764	2,255,100
Total Net Position	\$ 16,561	\$ 3,279,767	\$ 406,632	\$ 3,180	\$ 20,968	\$ 62,764	\$ 3,789,872

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	FOOD SERVICE	TRANSPORTATION	ITINERANT/ SHARED SERVICES	SCHOOLS TO CAREERS	COUNTY PROGRAMS	STATE PROGRAMS	2015
Operating Revenues:							
Charges for Services:	\$ 238,480	\$ -	\$ -	\$ 8,215	\$ -	\$ -	\$ 246,695
Daily Sales	-	7,552,623	-	-	-	-	7,552,623
Transportation Fees	-	-	3,082,079	-	-	63,595	3,145,674
Fees for Service	-	-	-	-	532,191	-	532,191
County Aid Payments	-	-	-	-	-	-	-
Total Operating Revenue	238,480	7,552,623	3,082,079	8,215	532,191	63,595	11,477,183
Operating Expenses:							
Cost of Sales	209,617	-	-	-	-	-	209,617
Salaries and Wages	232,465	2,699,959	1,365,886	11,695	404,025	59,498	4,773,528
Employee Benefits	194,287	2,616,183	1,208,968	-	115,703	18,942	4,154,083
Travel	-	-	30	-	3,094	-	3,124
General Supplies	18,014	-	-	-	4,718	-	22,732
Other Purchased Services	-	-	300,405	-	-	-	300,405
Transportation Operations	-	1,084,469	-	-	-	-	1,084,469
Contracted Services	-	615,778	-	-	-	-	615,778
Depreciation Expense	38,880	313,159	-	-	-	-	352,039
Miscellaneous	1,750	13,137	1,350	-	5,543	-	21,780
Total Operating Expenses	695,013	7,342,685	2,876,639	11,695	533,083	78,440	11,537,555
Operating Income/(Loss)	(456,533)	209,938	205,440	(3,480)	(892)	(14,845)	(60,372)
Nonoperating Revenues (Expenses):							
State Sources:							
State School Lunch Program	2,828	-	-	-	-	-	2,828
Federal Sources:							
School Breakfast Program	75,482	-	-	-	-	-	75,482
National School Lunch Program	134,499	-	-	-	-	-	134,499
Food Distribution Program	16,005	-	-	-	-	-	16,005
Interest Expense	-	(2,788)	-	-	-	-	(2,788)
Cancellation of Prior Year Payables	4,280	480	55,551	-	1,260	530	62,101
Total Nonoperating Revenue (Expenses)	233,094	(2,308)	55,551	-	1,260	530	288,127
Other Financing Sources/(Uses):							
Operating Transfers In/(Out)	305,976	-	-	-	-	-	305,976
Total Other Financing Sources/(Uses)	305,976	-	-	-	-	-	305,976
Change in Net Position	82,537	207,630	260,991	(3,480)	368	(14,315)	533,731
Total Net Position - Beginning	(65,976)	3,072,137	145,641	6,660	20,600	77,079	3,256,141
Total Net Position - Ending	\$ 16,561	\$ 3,279,767	\$ 406,632	\$ 3,180	\$ 20,968	\$ 62,764	\$ 3,789,872

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	FOOD SERVICE	TRANSPORTATION	ITINERANT/ SHARED SERVICES	SCHOOLS TO CAREERS PROGRAMS	COUNTY PROGRAMS	STATE PROGRAMS	2015
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 240,251	\$ 7,820,919	\$ 3,062,363	\$ 13,680	\$ 593,009	\$ 83,022	\$ 11,813,244
Payments to Employees	(232,408)	(2,744,525)	(1,365,886)	(11,695)	(404,025)	(67,778)	(4,826,317)
Payments for Employee Benefits	(194,287)	(2,616,183)	(1,208,968)	-	(115,703)	(18,942)	(4,154,083)
Payments to Suppliers	(212,282)	(1,590,398)	(305,627)	(3,335)	(17,739)	-	(2,129,381)
Net Cash Flows From Operating Activities	(398,726)	869,813	181,882	(1,350)	55,542	(3,698)	703,463
Cash Flows From Capital Financing Activities:							
Purchase of Equipment	-	(133,796)	-	-	-	-	(133,796)
Interest Paid	-	(2,788)	-	-	-	-	(2,788)
Principal Paid on Lease Obligations	-	(138,034)	-	-	-	-	(138,034)
Net Cash Flows From Capital Financing Activities	-	(274,618)	-	-	-	-	(274,618)
Cash Flows From Noncapital Financing Activities:							
Cash Received From State & Federal Programs	212,499	-	-	-	-	-	212,499
Operating Subsidiaries and Transfers from/(to) Other Funds	186,227	(10,886)	-	1,195	(55,542)	-	120,994
Net Cash Flows From Noncapital Financing Activities	398,726	(10,886)	-	1,195	(55,542)	-	333,493
Net Change in Cash & Cash Equivalents	-	584,309	181,882	(155)	-	(3,698)	762,338
Balances - Beginning of Year	-	935,574	248,933	155	-	24,419	1,209,081
Balances - Ending of Year	\$ -	\$ 1,519,883	\$ 430,815	\$ -	\$ -	\$ 20,721	\$ 1,971,419
Reconciliation of Operating Income/(Loss) to Net Cash Flows From Operating Activities:							
Operating Income (Loss)	\$ (456,533)	\$ 209,938	\$ 205,440	\$ (3,480)	\$ (892)	\$ (14,845)	\$ (60,372)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by (Used in) Operating Activities:							
Depreciation Expense	38,880	313,159	-	-	-	-	352,039
Food Distribution Program	16,005	-	-	-	-	-	16,005
Change in Assets & Liabilities:							
(Increase)/Decrease in Accounts Receivable	1,771	268,296	(19,716)	5,465	60,818	19,427	336,061
(Increase)/Decrease in Inventory	6,220	-	-	-	-	-	6,220
Increase/(Decrease) in Accounts Payable	(5,126)	122,986	(3,842)	(3,335)	(4,384)	-	106,299
Increase/(Decrease) in Compensated Absences	57	(44,566)	-	-	-	(8,280)	(52,789)
Net Cash Flows From Operating Activities	(398,726)	869,813	181,882	(1,350)	55,542	(3,698)	703,463

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

ASSETS	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION INSURANCE	AGENCY FUNDS STUDENT ACTIVITY	PAYROLL	2015
Assets:				
Cash & Cash Equivalents	\$ 210,146	\$ 63,667	\$ 65,885	\$ 339,698
Total Assets	<u>210,146</u>	<u>63,667</u>	<u>65,885</u>	<u>339,698</u>
 LIABILITIES				
Liabilities:				
Unemployment Claims Payable	2,883	-	-	2,883
Interfund	-	-	6,282	6,282
Payroll Deductions & Withholdings	-	-	59,603	59,603
Due to Student Groups	-	63,667	-	63,667
Total Liabilities	<u>2,883</u>	<u>63,667</u>	<u>65,885</u>	<u>132,435</u>
 NET POSITION				
Reserved	<u>\$ 207,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,263</u>

EXHIBIT H-2

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2015**

	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION INSURANCE	2015
Additions:		
Local Sources:		
Employee Salary Deductions	\$ 34,329	\$ 34,329
Board Contribution	18,000	18,000
	52,329	52,329
Total Operating Revenues		
	52,329	52,329
Other Sources:		
Interest on Investments	715	715
	715	715
Total Additions		
	53,044	53,044
Deductions:		
Unemployment Compensation Insurance Claims	21,567	21,567
	21,567	21,567
Total Deductions		
	21,567	21,567
Change in Net Position		
	31,477	31,477
Net Position, July 1		
	175,786	175,786
Net Position, June 30		
	\$ 207,263	\$ 207,263

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STUDENT ACTIVITY AGENCY FUND SCHEDULE
OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BALANCE JULY 1, 2014	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2015
Cash & Cash Equivalents	\$ 70,270	\$ 101,633	\$ 108,236	\$ 63,667
Total Assets	<u>\$ 70,270</u>	<u>\$ 101,633</u>	<u>\$ 108,236</u>	<u>\$ 63,667</u>
LIABILITIES				
Due to Student Groups	\$ 70,270	\$ 101,633	\$ 108,236	\$ 63,667
Total Liabilities	<u>\$ 70,270</u>	<u>\$ 101,633</u>	<u>\$ 108,236</u>	<u>\$ 63,667</u>

**PAYROLL FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BALANCE JULY 1, 2014	ADDITIONS	DISBURSEMENTS	BALANCE JUNE 30, 2015
Cash & Cash Equivalents	\$ 42,973	\$ 7,425,198	\$ 7,402,286	\$ 65,885
Total Assets	<u>\$ 42,973</u>	<u>\$ 7,425,198</u>	<u>\$ 7,402,286</u>	<u>\$ 65,885</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 42,973	\$ 7,418,916	\$ 7,402,286	\$ 59,603
Due to General Fund	-	6,282	-	6,282
Total Liabilities	<u>\$ 42,973</u>	<u>\$ 7,425,198</u>	<u>\$ 7,402,286</u>	<u>\$ 65,885</u>

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I. Long-Term Debt

Not Applicable

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STATISTICAL SECTION (Unaudited)

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
FISCAL YEAR ENDING JUNE 30.										
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 21,491,916	\$ 22,029,125	\$ 22,911,095	\$ 22,859,252	\$ 23,554,439	\$ 24,384,588	\$ 25,095,099	\$ 25,881,453	\$ 26,168,488	\$ 26,832,193
Restricted	510,492	502,986	431,660	351,949	220,876	282,157	189,785	91,657	31,812	955,931
Unrestricted	(21,773,111)	2,237,148	2,805,165	3,119,820	4,063,779	3,502,274	3,433,760	1,400,018	2,731,409	1,827,395
Total Governmental Activities	229,297	24,769,259	26,147,920	26,331,021	27,839,094	28,169,019	28,718,644	27,373,128	28,931,709	29,615,519
Business-Type Activities:										
Invested in Capital Assets,										
Net of Related Debt	1,534,772	1,753,014	2,119,606	1,436,445	1,398,487	1,395,560	1,282,907	1,310,824	1,370,104	1,468,824
Restricted	-	-	-	-	-	-	-	-	-	1,389,604
Unrestricted	2,255,100	1,503,127	1,638,304	2,304,396	2,268,554	3,208,924	4,002,781	3,514,536	2,482,583	-
Total Business-Type Activities	3,789,872	3,256,141	3,757,910	3,740,841	3,667,041	4,604,484	5,285,688	4,825,360	3,852,687	2,858,428
District-Wide:										
Invested in Capital Assets,										
Net of Related Debt	23,026,688	23,782,138	25,030,701	24,295,697	24,952,926	25,780,148	26,378,006	27,192,277	27,538,592	28,301,017
Restricted	510,492	502,986	431,660	351,949	220,876	282,157	189,785	91,657	31,812	2,345,535
Unrestricted	(19,518,011)	3,740,275	4,443,469	5,424,216	6,332,333	6,711,198	7,436,541	4,914,554	5,213,992	1,827,395
Total District-Wide Net Position	\$ 4,019,169	\$ 28,025,399	\$ 29,905,830	\$ 30,071,862	\$ 31,506,135	\$ 32,773,503	\$ 34,004,332	\$ 32,198,488	\$ 32,784,396	\$ 32,473,947

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental Activities										
Instruction:										
Special Educational Instruction	\$ 7,607,307	\$ 7,845,081	\$ 7,601,339	\$ 11,219,541	\$ 11,149,057	\$ 11,576,216	\$ 11,357,883	\$ 12,178,605	\$ 11,605,225	\$ 10,225,318
Other	855,485	761,457	769,477	1,151,081	1,103,773	1,087,259	997,651	837,669	829,755	828,315
Support Services:										
Student & Instruction Related Services	2,884,228	3,038,669	3,011,649	4,212,370	4,251,924	4,333,611	3,949,841	3,996,715	3,877,206	3,593,111
General Administrative Services	672,983	631,216	604,907	899,144	1,090,686	1,497,142	1,433,617	1,526,928	1,468,481	1,262,042
School Administrative Services	1,174,994	1,115,928	1,089,890	1,632,110	1,601,949	912,734	970,627	899,442	936,755	883,176
Plant Operations & Maintenance	1,607,410	1,653,937	775,391	2,327,684	2,196,979	2,137,797	2,169,675	2,044,254	2,058,520	2,518,188
Pupil Transportation	29,214	27,389	38,272	44,453	56,145	61,297	51,088	46,257	80,109	49,498
Unallocated Benefits	9,043,970	6,750,637	6,734,753	-	-	-	-	-	-	-
Capital Outlay	-	-	-	32,246	-	2,067	232	2,443	-	-
Unallocated Depreciation	798,079	889,920	916,307	-	-	-	-	-	13,932	-
Total Governmental Activities Expenses	24,673,670	22,714,234	21,541,985	21,518,629	21,450,513	21,608,123	20,930,614	21,532,313	20,869,983	19,359,648
Business-Type Activities:										
Food Service	695,013	709,251	681,858	718,931	673,023	669,690	663,687	674,572	643,922	632,269
Transportation	7,345,473	7,510,045	7,725,596	7,575,920	7,022,680	6,780,310	7,109,580	6,971,980	6,448,539	4,896,803
Instruction	3,499,857	3,462,620	4,042,881	3,788,689	3,234,016	3,334,699	3,204,979	2,290,254	2,371,551	4,105,467
Total Business-Type Activities Expense	11,540,343	11,681,916	12,450,335	12,083,540	10,929,719	10,784,699	10,978,246	9,956,806	9,464,012	9,634,539
Total District Expenses	\$ 36,214,013	\$ 34,396,150	\$ 33,992,320	\$ 33,602,169	\$ 32,380,232	\$ 32,392,822	\$ 31,908,860	\$ 31,469,119	\$ 30,333,995	\$ 28,994,187
Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 17,300,771	\$ 17,511,058	\$ 17,045,538	\$ 16,440,380	\$ 17,736,399	\$ 17,521,091	\$ 18,841,028	\$ 15,603,048	\$ 16,472,680	\$ 15,608,045
Operating Grants & Contributions	3,673,677	1,555,966	1,763,872	46,464	9,783	251,596	261,085	311,074	267,387	801,462
Total Governmental Activities Program Revenues	20,974,448	19,067,024	18,809,410	16,486,844	17,746,182	17,772,687	19,102,113	15,914,122	16,740,067	16,409,507
Business-Type Activities:										
Charges for Services:										
Food Service	238,480	249,915	273,208	251,792	257,233	251,918	266,283	265,261	255,956	244,643
Transportation	7,552,623	7,137,544	7,988,914	8,379,071	6,576,257	6,597,983	7,695,337	7,260,097	6,936,288	4,980,494
Instruction	3,686,080	3,428,023	3,571,220	3,101,450	2,867,591	2,888,119	3,086,847	3,064,372	2,903,702	4,546,736
Operating Grants and Contributions	228,814	231,665	195,504	208,704	213,087	231,675	235,763	211,948	203,712	229,233
Total Business-Type Activities Program Revenues	11,705,997	11,047,147	12,028,846	11,941,017	9,916,168	9,969,695	11,284,230	10,801,678	10,299,658	10,001,106
Total District Program Revenues	\$ 32,680,445	\$ 30,114,171	\$ 30,838,256	\$ 28,427,861	\$ 27,662,350	\$ 27,742,382	\$ 30,386,343	\$ 26,715,800	\$ 27,039,725	\$ 26,410,613
Net (Expense)/Revenue:										
Governmental Activities	\$ (3,699,222)	\$ (3,647,210)	\$ (2,732,575)	\$ (5,031,785)	\$ (3,704,331)	\$ (3,835,436)	\$ (1,828,501)	\$ (5,618,191)	\$ (4,129,916)	\$ (2,950,141)
Business-Type Activities	165,654	(634,769)	(421,489)	(142,523)	(1,013,551)	(815,004)	305,984	864,872	835,646	366,567
Total Government-Wide Net Expense	\$ (3,533,568)	\$ (4,281,979)	\$ (3,154,064)	\$ (5,174,308)	\$ (4,717,882)	\$ (4,650,440)	\$ (1,522,517)	\$ (4,753,319)	\$ (3,294,270)	\$ (2,583,574)

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Taxes - County Appropriations	\$ 2,050,096	\$ 2,050,096	\$ 2,039,796	\$ 1,999,800	\$ 1,980,000	\$ 1,980,000	\$ 1,980,000	\$ 1,920,000	\$ 1,854,000	\$ 1,800,000
Federal & State Aid - Not Restricted	610,235	116,233	215,658	1,623,163	1,316,894	1,293,710	1,219,541	1,471,192	1,472,193	-
Miscellaneous income	161,438	223,087	432,343	108,554	145,046	79,491	85,904	224,737	218,813	550,574
Transfers	(305,976)	(133,000)	(139,126)	(215,544)	(74,340)	(128,078)	(117,503)	(107,801)	(98,900)	(90,000)
Contributed Services	-	-	-	-	-	-	-	535,000	-	-
Cancellation of Prior Year Payables	60,582	12,133	803	7,739	6,809	185	7,114	17,017	-	-
Loss on the Disposal of Fixed Assets	-	-	-	-	-	-	(1,039)	(535)	-	-
Adjustment to Capital Assets	-	-	-	-	-	60,503	-	-	-	-
Receivable Cancelled	(57,373)	-	-	-	-	-	-	-	-	-
Total Governmental Activities	2,519,002	2,268,549	2,549,474	3,523,712	3,374,409	3,285,811	3,174,017	4,059,610	3,446,106	2,260,574
Business-Type Activities :										
Miscellaneous income	-	-	-	779	1,768	5,722	36,841	-	-	-
Transfers	305,976	133,000	139,126	215,544	74,340	128,078	117,503	107,801	98,900	90,000
Cancellation of Prior Year Payables	62,101	-	2,608	-	-	-	-	-	-	-
Adjustment to Capital Assets	-	-	296,824	-	-	-	-	-	-	-
Total Business-Type Activities	368,077	133,000	438,558	216,323	76,108	133,800	154,344	107,801	98,900	90,000
Total Government-Wide	\$ 2,887,079	\$ 2,401,549	\$ 2,988,032	\$ 3,740,035	\$ 3,450,517	\$ 3,419,611	\$ 3,328,361	\$ 4,167,411	\$ 3,545,006	\$ 2,350,574
Change in Net Position:										
Governmental Activities	\$ (1,180,220)	\$ (1,378,661)	\$ (183,101)	\$ (1,508,073)	\$ (329,922)	\$ (549,625)	\$ 1,345,516	\$ (1,558,581)	\$ (683,810)	\$ (689,567)
Business-Type Activities	533,731	(501,769)	17,069	73,800	(937,443)	(681,204)	460,328	972,673	934,546	456,567
Total District	\$ (646,489)	\$ (1,880,430)	\$ (166,032)	\$ (1,434,273)	\$ (1,267,365)	\$ (1,230,829)	\$ 1,805,844	\$ (585,908)	\$ 250,736	\$ (233,000)

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 FUND BALANCES AND GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Reserved	\$ 489,731	\$ 309,691	\$ 431,660	\$ 1,365,844	\$ 2,165,853	\$ 282,157	\$ 189,785	\$ 91,657	\$ 30,866	\$ 739,139
Assigned	-	1,013,012	1,040,663	45,879	-	-	-	-	-	-
Unassigned	2,405,779	1,804,831	2,293,645	2,562,486	2,564,614	-	-	-	-	-
Unreserved	-	-	-	-	-	4,021,913	3,947,903	1,960,068	3,403,738	2,413,589
Total General Fund	\$ 2,895,510	\$ 3,127,534	\$ 3,765,968	\$ 3,974,209	\$ 4,730,467	\$ 4,304,070	\$ 4,137,688	\$ 2,051,725	\$ 3,434,604	\$ 3,152,728
All Other Governmental Funds:										
Assigned, Reported in:										
Capital Project Fund	\$ 20,761	\$ 193,295	\$ -	\$ -	\$ 98,922	\$ -	\$ 5,302	\$ 43,651	\$ 57,097	\$ 216,792
Total All Other Governmental Funds	\$ 20,761	\$ 193,295	\$ -	\$ -	\$ 98,922	\$ -	\$ 5,302	\$ 43,651	\$ 57,097	\$ 216,792

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
County Appropriations	\$ 2,050,096	\$ 2,050,096	\$ 2,039,796	\$ 1,999,800	\$ 1,980,000	\$ 1,980,000	\$ 1,980,000	\$ 1,920,000	\$ 1,854,000	\$ 1,800,000
Tuition	17,300,771	17,511,058	17,045,538	16,334,305	17,647,674	17,392,609	18,663,965	15,603,048	16,472,680	15,608,045
Interest Earnings	1,315	5,189	7,631	769	187	2,067	232	1,451	240	399
Miscellaneous	194,428	227,935	441,731	251,526	243,367	217,815	262,735	266,354	256,282	525,506
State Sources	1,817,040	1,550,836	1,753,872	1,481,637	1,166,835	1,338,193	1,340,697	1,593,192	1,536,806	780,679
Federal Sources	473,389	111,326	208,639	150,324	150,059	195,204	139,929	146,006	164,119	20,783
Total Revenue	21,837,039	21,456,440	21,497,207	20,218,361	21,188,122	21,125,888	22,387,558	19,530,051	20,284,127	18,735,412
Expenditures:										
Instruction:										
Other Special Instruction	7,607,307	7,845,081	7,601,339	7,635,798	7,740,956	8,144,280	8,131,439	8,660,639	8,106,420	7,531,542
Other Instruction	855,485	761,457	769,477	783,403	766,366	764,925	714,247	595,696	579,596	601,031
Support Services:										
Student & Instruction Related	2,884,228	3,038,669	3,011,649	2,866,856	2,952,174	3,048,849	2,827,806	2,842,206	2,708,285	2,665,728
School Administrative	672,983	631,216	604,907	611,940	757,282	642,141	694,900	639,625	654,337	647,647
General Administrative	450,136	411,047	407,138	357,719	369,917	399,463	357,009	400,707	406,760	387,956
Central Services	724,858	704,881	682,752	733,063	742,340	688,275	669,359	685,146	618,996	612,504
Plant Operations & Maintenance	1,620,719	1,644,725	1,654,930	1,584,176	1,525,395	1,504,016	1,553,333	1,453,742	1,437,906	1,343,555
Pupil Transportation	29,214	27,389	38,272	30,253	38,981	43,125	36,576	32,895	55,957	49,497
Unallocated Employee Benefits	6,846,339	6,699,085	6,708,050	5,987,339	5,633,755	5,517,452	5,149,836	5,449,594	5,217,429	4,524,885
Capital Outlay	247,561	17,162	88,611	255,189	68,106	84,389	95,050	610,342	278,306	448,563
Total Expenditures	21,938,830	21,780,712	21,567,125	20,865,736	20,595,272	20,836,915	20,229,555	21,370,592	20,065,992	18,812,908
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(101,791)	(324,272)	(69,918)	(647,375)	592,850	288,973	2,158,003	(1,840,541)	220,135	(77,496)
Other Financing Sources/(Uses):										
Contributed Services	-	-	-	-	-	-	-	535,000	-	-
Cancellation of Prior Year Payables	60,582	12,133	803	7,739	6,809	185	7,114	17,017	-	-
Increase in Capital Reserve	-	-	-	75,000	75,000	156,749	100,000	-	-	-
Transfer to Capital Reserve	-	-	-	(75,000)	(75,000)	(100,000)	(100,000)	-	-	-
Transfer to Emergency Reserve	-	-	-	-	-	(56,749)	-	-	-	-
Transfers In	-	-	-	9,425	119,414	-	-	-	-	-
Transfers Out	(305,976)	(133,000)	(139,126)	(224,969)	(193,754)	(128,078)	(117,503)	(107,801)	(98,900)	(90,000)
Appropriations Cancelled	(57,373)	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	(302,767)	(120,867)	(138,323)	(207,805)	(67,531)	(127,893)	(110,389)	444,216	(98,900)	(90,000)
Net Change in Fund Balances	\$ (404,558)	\$ (445,139)	\$ (208,241)	\$ (855,180)	\$ 525,319	\$ 161,080	\$ 2,047,614	\$ (1,396,325)	\$ 121,235	\$ (167,496)

Source: District Records

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDED JUNE 30,	INTEREST	NON-RESIDENT FEES	SHARED SERVICES	MISCELLANEOUS	TOTAL
2015	\$ 1,315	\$ 108,286	\$ 48,376	\$ 3,461	\$ 161,438
2014	5,189	118,769	55,486	43,643	223,087
2013	7,631	129,518	111,281	183,913	432,343
2012	769	106,075	104,251	3,534	214,629
2011	187			243,367	243,554
2010	70,160			149,722	219,882
2009	52,088			210,879	262,967
2008	162,861			61,876	224,737
2007	201,916			15,951	217,867
2006	135,744			390,161	525,905

Source: District Records

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

FUNCTION/PROGRAM	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instruction:										
Regular	10	10	10	10	10	10	10	8	8	8
Special Education Instruction	59	59	61	59	57	57	57	60	58	62
Other Special Education Instruction	142	142	135	140	145	154	141	160	157	157
Other Instructional	4	4	5	4	5	6	5	6	6	9
Nonpublic School Programs					4	3	3	2	2	2
Support Services:										
Student & Instructional Related Services	43	43	45	45	43	48	44	43	46	48
General Administration Services	2	2	2	2	2	2	2	2	2	2
School Administration Services	8	8	8	8	9	10	10	10	9	9
Business Administrative Services	12	12	12	12	13	12	11	11	10	10
Plant Operations & Maintenance	16	16	14	18	17	16	17	16	16	11
Pupil Transportation	132	132	135	141	130	122	126	127	125	123
Food Service	8	8	9	9	9	9	9	9	8	8
Total	436	436	436	448	444	449	435	454	447	449

Source: District Records

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	ENROLLMENT	OPERATING EXPENDITURES	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF	ELEMENTARY SCHOOL	MIDDLE SCHOOL	HIGH SCHOOL	AVERAGE DAILY ENROLLMENT (ADE)	AVERAGE DAILY ATTENDANCE (ADA)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2015	406	21,727,341	53,516	0	69	6:1	6:1	6.5:1	406	381	-5.82%	93.84%
2014	431	21,763,500	50,495	0	69	6:1	6:1	6.5:1	431.1	388.5	-0.67%	90.12%
2013	439	21,550,106	49,089	0	71	6.2:1	6.2:1	6.2:1	434	389	-0.91%	89.63%
2012	438	19,463,680	44,438	0	59	7:1	7:1	7:1	438	400	-4.16%	91.32%
2011	457	19,473,436	42,611	0	57	8:1	8:1	7.5:1	457	413	-3.99%	90.37%
2010	499	20,752,526	41,588	0	57	8.6:1	8.6:1	8.8:1	476	426	-2.86%	89.50%
2009	500	20,760,250	41,521	(0)	67	8:1	8:1	8:1	490	440	4.93%	89.80%
2008	467	20,760,250	44,454	0	60	8:1	8:1	8:1	467	427	-0.43%	91.43%
2007	470	19,785,686	42,097	0	72	8:1	8:1	8:1	469	427	-2.09%	91.04%
2006	485	18,737,306	38,634	0	62	8:1	8:1	8:1	479	425	-5.71%	88.73%

Source: District Records

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Main Campus - Mays Landing (2003):	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000	177,000
Square Feet	508	508	508	508	508	508	508	508	508	508
Capacity (Students)	406	431	439	438	457	499	500	471	470	476
Enrollment										
Transportation - Mays Landing	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700	5,700
Square Feet										

Number of Schools at June 30, 2015:

Main Campus = 1

Other = 1

Source: District Records, ASSA

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

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

FISCAL YEAR	Mays Landing Campus
2015	\$ 427,027
2014	465,837
2013	484,235
2012	470,205
2011	637,223
2010	609,620
2009	629,165
2008	557,315
2007	551,285
2006	<u>519,420</u>
Total	<u>\$ 5,351,332</u>

Source: District records

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015**

	COVERAGE	DEDUCTIBLE
Commercial Package Policy:		
Property, Inland Marine & Automobile Physical Damage: Limit of Liability - Per Occurance	98,816,831	5,000
Public Official Bonds: Treasurer of School Monies	260,000	
Public Agency Compliance Officer	75,000	
Comprehensive General Liability Coverage: Limit	31,000,000	
Electronic Data Processing	822,000	1,000
Package Police 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	
Employee Liability Agreement - Coverage B	2,000,000	
School Board Legal Liability: Coverage A	31,000,000	
Coverage B Each Occurance	100,000	5,000
Policy Period	300,000	5,000
Pollution Liability: Each Occurance	1,000,000	25,000
Policy Period	11,000,000	75,000
Cyber Risk Liability	2,000,000	20,000

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Atlantic County Special Services School District
County of Atlantic
Mays Landing, New Jersey 08830

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Atlantic County Special Services School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Atlantic County Special Services School District’s basic financial statements, and have issued our report thereon dated December 8, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Toms River, New Jersey
December 8, 2015



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-
133 AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08**

Honorable President and Members
of the Board of Education
Atlantic County Special Services School District
County of Atlantic
Mays Landing, New Jersey 08330

Report on Compliance for Each Major Federal and State Program

We have audited Atlantic County Special Services School District’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2015. Atlantic County Special Services School District’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Atlantic County Special Services School District’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB’s Circulars 04-04 and 15-08 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 Atlantic County Special Services School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, Atlantic County Special Services School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Atlantic County Special Services School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Atlantic County Special Services School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Atlantic County Special Services School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Toms River, New Jersey
December 8, 2015

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ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2014	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) JUNE 30, 2015	UNEARNED REVENUE JUNE 30, 2015	DUE TO GRANTOR JUNE 30, 2015
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:										
Enterprise Fund:										
Food Distribution Program	10.550	N/A	\$ 16,005	7/1/14-6/30/15	\$ -	\$ 16,005	\$ (16,005)	\$ -	\$ -	\$ -
School Breakfast Program	10.553	N/A	75,482	7/1/14-6/30/15	-	69,023	(75,482)	(6,459)	-	-
School Breakfast Program	10.553	N/A	62,678	7/1/13-6/30/14	(6,475)	6,475	-	-	-	-
National School Lunch Program	10.555	N/A	134,499	7/1/14-6/30/15	-	122,888	(134,499)	(11,611)	-	-
National School Lunch Program	10.555	N/A	115,628	7/1/13-6/30/14	(11,278)	11,278	-	-	-	-
Total U.S. Department of Agriculture					(17,753)	225,669	(225,986)	(18,070)	-	-
U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:										
General Fund:										
Special Education Medicaid Aid	93.778	N/A	456,821	7/1/14-6/30/15	-	456,821	(456,821)	-	-	-
Total U.S. Department of Education					-	456,821	(456,821)	-	-	-
U.S. DEPARTMENT OF LABOR PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:										
WIA Youth Activities	17.259	N/A	16,568	7/1/14-6/30/15	-	16,568	(16,568)	-	-	-
Total U.S. Department of Education					-	16,568	(16,568)	-	-	-
Total Federal Awards			\$ (17,753)		\$ 699,058	\$ (18,070)	\$ (699,375)	\$ (18,070)	\$ -	\$ -

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2014	CASH RECEIVED	BUDGETARY EXPENDITURES	ACCOUNTS RECEIVABLE JUNE 30, 2015	BUDGETARY RECEIVABLE	MEMO CUMULATIVE TOTAL EXPENDITURES
State Department of Education:									
General Fund:									
On-Behalf TPAF Contribution - Pension (Non-Budgeted)	15-495-034-5095-006	424,210	7/1/14-6/30/15	\$ -	424,210	\$ (424,210)	\$ -	\$ -	\$ 424,210
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)	15-495-034-5095-001	673,434	7/1/14-6/30/15	-	673,434	(673,434)	-	-	673,434
Reimbursed TPAF Social Security Contribution (Non-Budgeted)	15-495-034-5095-002	604,374	7/1/14-6/30/15	-	466,131	(604,374)	(138,243)	-	604,374
Reimbursed TPAF Social Security Contribution (Non-Budgeted)	14-495-034-5095-002	618,829	7/1/13-6/30/14	(138,744)	138,744	-	-	-	-
Total General Fund				(138,744)	1,702,519	(1,702,018)	(138,243)	-	1,702,018
State Department of Agriculture:									
Enterprise Fund:									
National School Lunch Program	15-100-010-3350-023	2,828	7/1/14-6/30/15	-	2,589	(2,828)	(239)	-	2,828
National School Lunch Program	14-100-010-3350-023	2,962	7/1/13-6/30/14	(246)	246	-	-	-	-
Total Enterprise Fund				(246)	2,835	(2,828)	(239)	-	2,828
Total State Financial Assistance				\$ (138,990)	\$ 1,705,354	\$ (1,704,846)	\$ (138,482)	\$ -	\$ 1,704,846
Less: Assistance Not Subject to New Jersey OMB Circular(s) 04-04 and/or 15-08:									
On-Behalf TPAF Contribution - Pension (Non-Budgeted)									424,210
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)									673,434
Total State Financial Assistance Subject to New Jersey OMB Circular(s) 04-04 and/or 15-08									\$ (607,202)

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2015

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

Note 2. Basis of Accounting

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

Note 3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedule on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedule on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A.18A:22-4.2*.

No adjustment is needed to reconcile from the budgetary basis to the GAAP basis. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2015

Note 3. Relationship to Basic Financial Statements (continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 473,389	\$ 1,702,018	\$ 2,175,407
Capital Projects Fund	-	115,022	115,022
Food Service Fund	<u>225,986</u>	<u>2,828</u>	<u>228,814</u>
Total	<u>\$ 699,375</u>	<u>\$ 1,819,868</u>	<u>\$ 2,519,243</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Other

Revenues and expenditures reported under the Food Distribution Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2015. 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, 2015.

Note 6. State Loans Outstanding

The Atlantic County Special Services School District had no loan balances outstanding at June 30, 2015.

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
1. Material weakness(es) identified?	None Noted
2. Significant deficiencies identified that are not considered to be material weaknesses?	None Noted
Noncompliance material to basic financial statements noted?	None Noted

Federal Awards

Internal control over major programs:	
1. Material weakness(es) identified?	None Noted
2. Significant deficiencies identified that are not considered to be material weaknesses?	None Noted
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	None Noted

Identification of major programs:

<u>CFDA Numbers(s)</u>	<u>Name of Federal Program or Cluster</u>
93.778	Special Education Medicaid Aid

Dollar threshold to distinguish between Type A programs:	\$300,000
Auditee qualified as low-risk?	No

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

State Awards

Dollar threshold to distinguish between Type A programs:	\$300,000
Auditee qualified as low-risk?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
1. Material weakness(es) identified?	None Noted
2. Significant deficiencies identified that are not considered to be material weaknesses?	None Noted
Any audit findings disclosed that are required to be reported in accordance with section New Jersey OMB Circular(s) 04-04 and/or 15-08?	None Noted

Identification of major programs:

<u>GMIS Numbers(s)</u>	<u>Name of State Program</u>
15-495-034-5095-002	Reimbursed TPAF Social Security Contributions

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

No Current Year Findings.

Section III - Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08, as applicable.

No Current Year Findings.

**ATLANTIC COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS & QUESTIONED
COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal awards and state financial assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133, and New Jersey OMB's Circular(s) 04-04 and/or 15-08, as applicable.

No Prior Year Findings.