

**CAMDEN COUNTY
EDUCATIONAL SERVICES COMMISSION**



CLEMENTON, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

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INTRODUCTORY SECTION



CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
225 WHITE HORSE AVENUE
CLEMENTON, NEW JERSEY 08021
856-784-2100
www.camdenesc.org

October 11, 2013

Honorable President and Members of the
Camden County Educational Services Commission
County of Camden
State of New Jersey

Dear Board of Directors:

The comprehensive annual financial report of the Camden County Educational Services Commission for the fiscal year ended June 30, 2013 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 Camden County Educational Services Commission. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the Commission's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report therein. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

1. REPORTING ENTITY AND ITS SERVICE: Camden County Educational Services Commission is an independent reporting entity within the criteria adopted by the GASB as established by NCGA statement No. 3. All funds of the Commission are included in this report. The Camden County Educational Services Commission and all of its programs and services constitute the Commission's reported entity.

The Commission provides specific educational services appropriate to member districts requests for private and public students in grade levels K through 12. These services include transportation, special education, non-public services, and the youth center. Students transported attended summer, vocational, private, and special education schools. Non-public and special services were provided in the following areas: compensatory education, ESL, speech, child study evaluations, home instruction, supplemental instruction, and occupational therapy. The Commission also provides the educational program at the Camden County Youth Center.

PL 192/193
NON-PUBLIC AND
SPECIAL SERVICES

<u>YEAR</u>	<u>TRANSPORTATION</u>	<u>SPECIAL SERVICES</u>
1994-95	3177 students	4394 services
1995-96	3944 students	4530 services
1996-97	4036 students	4678 services
1997-98	3777 students	4440 services
1998-99	4097 students	4887 services
1999-2000	4412 students	5507 services
2000-2001	4536 students	5381 services
2001-2002	4647 students	6692 services
2002-2003	4792 students	6478 services
2003-2004	5103 students	6807 services
2004-2005	5063 students	6882 services
2005-2006	5226 students	6654 services
2006-2007	5464 students	6852 services
2007-2008	5498 students	5588 services
2008-2009	5148 students	5588 services
2009-2010	5282 students	5622 services
2010-2011	5224 students	5779 services
2011-2012	5669 students	5674 services
2012-2013	5722 students	5276 services

2. ECONOMIC CONDITION AND OUTLOOK: The recent history of reduced funding for public education by the State and increased restrictions on fund balance have forced school districts to find creative and more cost effective ways to meet their obligations. In response, the Camden County Educational Services Commission continues to expand and seek opportunities to assist member districts. By coordinating and providing efficient programs and services at the county level, school districts are relieved of the associated administrative burdens and realize cost savings that reduce local property taxes. The Commission continues to form partnerships and build relationships where stakeholders routinely look to the Commission for assistance in fulfilling their mission to educate the youth of Camden County.

3. MAJOR INITIATIVES: Since its inception in 1979, coordinated transportation services and non-public school programs have dominated the Commission's activities. Other services include cooperative purchasing of vaccine, printing of mandated special education booklets and providing independent Child Study Team evaluations.

From 1995 to 1998, the Commission operated regionalized Emotionally Disturbed and Communication Impaired classes hosted by the Audubon School District. From 1999 to 2005, White Horse Prep served as an alternative program for middle school students who had difficulty achieving in a traditional school setting. In September 2001, the Commission assumed responsibility for administering the educational program at the Camden County Youth Center at the Lakeland Complex in Blackwood, NJ. On September 7, 2004, in conjunction with the Collingswood School District and the Gloucester County Special Services School District, the Commission opened a full day regionalized preschool disabled class for children in the autism spectrum.

During the 2005-2006 school years, the Commission added two regionalized special education classes in Gibbsboro and Stratford to serve autistic children. Distance learning opportunities for home instruction and professional development were provided through a partnership with the Monmouth Ocean Education Services Commission. In addition, the Commission contracted with several Camden County school districts to use their IDEIA funds to hire, train and supervise instructional aides and teachers in nonpublic schools.

During the summer of 2006, the Commission refinanced its outstanding 1997 bonds and secured financing to expand and renovate its existing facilities. In spring 2007, construction of additional spaces was completed which included an enlarged meeting room and curriculum lab, classrooms, office spaces and storage facilities. The new facilities enable the Commission to expand its programs and services to serve the increasing needs of the educational communities of Camden County.

Also in spring 2007, the Commission was awarded \$300,000 from the Governor's Initiative on Autism to expand its Regional Special Education Program. This grant funded a new K-2 class for autistic children and be hosted by the Clementon School District.

In addition to this new class, new initiatives for the 2007-2008 included White Horse Academy, an alternative program for middle school students and transitioning services such as job and travel training.

In the 2008-2009 school year the Commission conducted several professional learning community (PLC) meetings on the New Jersey Quality Single Accountability Continuum (NJQSAC). Administrators from districts who had gone through a QSAC review shared their experiences and answered various questions on the District Performance Reviews (DPRs).

In 2009-2010 new services were initiated in counseling, speech therapy, sign language interpreting and the School Crisis Response Team.

The beginning of the 2010-2011 school year was challenging due a reduction in state funding in the PL 192-193 program. This required the reduction in teaching staff at the end of the 2009-2010 school year. A goal was to re-employ the teaching staff that was reduced and this was accomplished with the hard work of everyone involved.

The 2011-2012 school year has seen the teaching staff receive laptops and internet at their teaching locations. This has allowed the staff to effectively communicate with other staff members and the administration. Oncourse was introduced to the teaching staff for lesson planning. Substitute nursing services began this year and rapidly grew.

During the 2012-2013 school year, The Danielson Framework for Teachers was implemented for teacher evaluation. Ongoing staff training in the Framework was accomplished throughout the school year by staff, administration and outside trainers from SRI-ETTC, from Richard Stockton College of New Jersey. The staff was trained in the theory and practice of various co-teach models and collaborative teaching strategies to implement a push-in model of instruction in the participating nonpublic schools. The local professional development committee, administrators and other stakeholders were formed into the DEAC which further organized the tenets of Achieve NJ and moved the model of teacher evaluation according to timelines set by the NJ Department of Education.

4. INTERNAL ACCOUNTING CONTROLS: The management of the Commission is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Commission 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 management.

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the Commission 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 Directors. Annual appropriated budgets are adopted for the general fund and 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 cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance on June 30, 2013.

6. ACCOUNTING SYSTEM AND REPORTS: The Commission's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standard Board (GASB). The accounting system of the Commission is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.
7. CASH MANAGEMENT: The investment policy of the Commission is guided in large by state statute as detailed in "Notes to Financial Statements", Note 2. The Commission has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Commission 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.

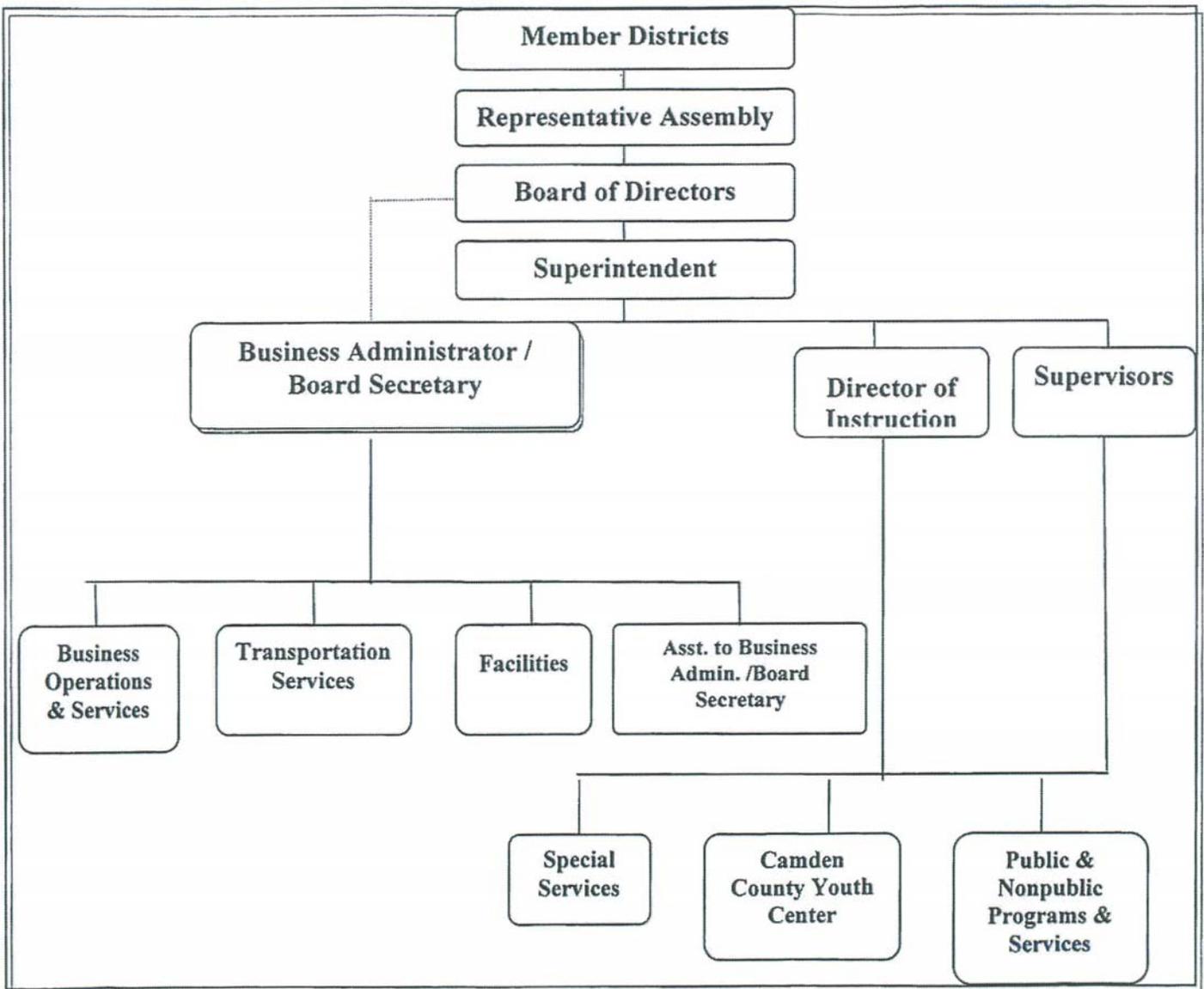
9. INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants. The accounting firm of Bowman & Company LLP has been selected by the Board of Directors to conduct our audit. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Board of Directors of the Camden County Educational Services Commission for their concern in providing fiscal accountability to the citizens and taxpayers of our member districts 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,


Daniel Del Vecchio
Superintendent


Harold E. O'Neil, Jr.
Interim Board Secretary

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION



**CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
CLEMENTON, NJ**

Roster of Officials

June 30, 2013

<u>Members of the Board of Directors</u>	<u>District</u>	<u>Term Expires</u>
Joyce A. Miller	Gibbsboro	2014
Doris Walsh	Laurel Springs	2014
Michael Eckmeyer	Bellmawr	2014
Francine Viscome	Berlin Borough	2014
Jennifer Storer	Black Horse Pike Regional	2014
Kathy Judge	Cherry Hill	2014
Virginia DeHaan	Clementon	2014
Lisa Soulos	Collingswood	2014
Dr. Richard Teichman	Eastern Regional	2014
Linda Gilch	Gloucester Township	2014
Laura Chudd	Haddon Township	2014
Dr. Marilyn Martinez	Pennsauken	2014
Alethia Gibbs-Smith	Lindenwold	2014
Lawrence Smith	Pine Hill	2014
Brian Davis	Berlin Township	2014
 <u>Officers</u>		
Joyce A. Miller, President		2014
Doris Walsh, Vice President		2014
Dr. Richard Teichman, Secretary/Treasurer		2014
 <u>Other Officials</u>		
Daniel Del Vecchio , Superintendent		
Noreen Boston, Business Administrator / Board Secretary		
Alan R. Schmoll, Attorney		

**CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
CLEMENTON, NJ**

Consultants and Advisors

June 30, 2013

Auditor / Accountant

L. Jarred Corn, CPA, RMA, PSA
Bowman & Company LLP
601 White Horse Road
Voorhees, New Jersey 08043-2493

Solicitor/Negotiator

Alan R. Schmoll
Capehart & Scatchard
8000 Midlantic Drive, Suite 300S
Mt. Laurel, New Jersey 08054

Health Insurance Broker/Insurance Risk Manager

Brown and Brown Consulting Group
601 Walnut Street Suite 805
Philadelphia, Pennsylvania 19106

Hardenbergh Insurance Group
1000 Main Street Suite 100
Voorhees, New Jersey 08043

Architect

Garrison Architects
406 Lippincott Drive Suite M
Marlton, New Jersey 08053

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Directors
Camden County Educational Services Commission
Clementon, New Jersey 08021

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 Camden County Educational Services Commission, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and 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 Commission'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 Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 Camden County Educational Services Commission in the County of Camden, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2013, the Commission adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): *Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and *Statement No. 65, Items Previously Reported as Assets and Liabilities*. 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 and budgetary comparison 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 Camden County Educational Services Commission'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 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 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2013 on our consideration of the Camden County Educational Services Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Camden County Educational Services Commission's internal control over financial reporting and compliance.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
October 11, 2013

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Directors
Camden County Educational Services Commission
Clementon, New Jersey 08021

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Camden County Educational Services Commission, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 11, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Camden County Educational Services Commission'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 Division of Administration and 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 Commission'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 Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
October 11, 2013

REQUIRED SUPPLEMENTARY INFORMATION
PART I

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

As management of the Camden County Educational Services Commission (hereafter referred to as the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Commission's financial performance.

FINANCIAL HIGHLIGHTS

- The net position of the Commission, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled \$7,058,790.42 at the close of the current fiscal year. Of this amount, \$4,489,227.84 represents net position of governmental activities and \$2,209,562.58 for business-type activities.
- As of the close of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of \$4,476,440.33, an increase of \$811,249.78, or twenty-two percent (22%), in comparison with the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was (\$4,476,440.33), approximately a twenty-two percent (22%) increase from that of the prior fiscal year. The only fund balance at fiscal year-end is for the general fund. Maintaining fund balance is vital for the Commission's cash flow.
- The Commission's total debt (lease purchase agreement payable) decreased by \$136,893.57 as a result of budgeted debt service payments.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This comprehensive annual financial report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. Fund financial statements for the governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Commission's operations in more detail than the government-wide statements by providing information about the Commission's most significant funds.

Reporting the Commission as a Whole

One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the fiscal year's activities?" The statement of net position and the statement of activities report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's *net position* and changes in it. You can think of the Commission's net position - which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources - as one way to measure the Commission's financial health, or *financial position*. Over time, *increases or decreases* in the Commission's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as the condition of the Commission's capital assets, to assess the *overall health* of the Commission.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

USING COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

Reporting the Commission as a Whole (Cont'd)

In the statement of net position and the statement of activities, we divide the Commission into two kinds of activities, those being governmental activities and business-type activities. In the governmental activities, this is where all of the Commission's basic services are reported and are supported from charges for services, operating grants and contributions, capital grants and contributions, and miscellaneous revenues. The business-type activities of the Commission include a nonpublic auxiliary and handicapped services program which is supported from user charges.

Reporting the Commission's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the Commission as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Commission can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Commission maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund, which are all considered to be major funds.

The Commission adopts an annual budget for its general fund, special revenue fund, and debt service fund, if applicable. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Proprietary Funds - The Commission maintains one type of proprietary fund; that being an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Commission uses an enterprise fund to account for its nonpublic auxiliary and handicapped services program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for nonpublic auxiliary and handicapped services program, which is considered to be a major fund.

Fiduciary Funds - fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Commission's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements - the notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

THE COMMISSION AS A WHOLE

During fiscal year 2013, the Commission's net position increased by \$930,015.10, increasing from \$6,128,775.32 in fiscal year 2012 to \$7,058,790.42 in fiscal year 2013. Our analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of the Commission's governmental-type activities and business-type activities.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 4,523,076.14	\$ 4,039,627.08	\$ 176,943.45		\$ 4,700,019.59	\$ 4,039,627.08
Capital Assets, net	736,403.64	4,473,579.24	3,565,466.74		4,301,870.38	4,473,579.24
Total Assets	<u>5,259,479.78</u>	<u>8,513,206.32</u>	<u>3,742,410.19</u>	<u>-</u>	<u>9,001,889.97</u>	<u>8,513,206.32</u>
Other Liabilities	53,388.84	351,228.00	32,593.15		85,981.99	351,228.00
Long-Term Liabilities Outstanding	356,863.10	2,033,203.00	1,500,254.46		1,857,117.56	2,033,203.00
Total Liabilities	<u>410,251.94</u>	<u>2,384,431.00</u>	<u>1,532,847.61</u>	<u>-</u>	<u>1,943,099.55</u>	<u>2,384,431.00</u>
Net Investment in Capital Assets	389,722.38	2,603,279.24	2,178,741.70		2,568,464.08	2,603,279.24
Unrestricted	4,459,505.46	3,525,496.08	30,820.88		4,490,326.34	3,525,496.08
Total Net Position	<u>\$ 4,849,227.84</u>	<u>\$ 6,128,775.32</u>	<u>\$ 2,209,562.58</u>	<u>-</u>	<u>\$ 7,058,790.42</u>	<u>\$ 6,128,775.32</u>

In total, assets increased by \$488,683.65 and liabilities decreased by \$441,331.45. The net increase in assets was primarily attributable to an increase in accounts receivable from intergovernmental entities resulting from provided transportation services and nonpublic auxiliary and handicapped services (timing of invoicing). The decrease in liabilities resulted from the liquidation of fiscal year 2012 accounts payable and from the budgeted debt service payments of the Commission's lease purchase agreement.

The Commission's total net position at the end of the current fiscal year totaled \$7,058,790.42. Of this total, \$2,568,464.08, or approximately thirty-six percent (36%), reflects the Commission's net investment in capital assets (i.e., land, buildings, equipment). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The Commission uses these assets to provide educational and other services to students; consequently, these assets are not available for future spending. Although the Commission's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities.

The other component of total net position of \$7,058,790.42 is unrestricted. This component represents resources and uses that do not meet the criteria of the other two components of net position, that being net investment in capital assets or restricted. At the end of the current fiscal year, the Commission's unrestricted net position \$4,490,326.34, which is an increase of \$964,830.26 from the prior fiscal year.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

THE COMMISSION AS A WHOLE (CONT'D)

TABLE 2 CHANGES IN NET POSITION						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
REVENUES:						
Program Revenues:						
Charges for Services	\$ 16,589,062.73	\$ 14,391,114.00	\$ 4,238,192.05		\$ 20,827,254.78	\$ 14,391,114.00
Operating Grants and Contributions	997,132.37	5,953,818.00			997,132.37	5,953,818.00
Capital Grants and Contributions	8,089.00	106,093.00			8,089.00	106,093.00
General Revenues:						
Interest and Investment Earnings - Unrestricted	20,248.38	34,224.00			20,248.38	34,224.00
Miscellaneous	260,799.51	79,555.00	9,253.00		270,052.51	79,555.00
Total Revenues	17,875,331.99	20,564,804.00	4,247,445.05	-	22,122,777.04	20,564,804.00
EXPENSES:						
Instruction	1,363,375.93	3,773,705.00			1,363,375.93	3,773,705.00
Support Services	15,605,726.55	16,912,313.00			15,605,726.55	16,912,313.00
Interest on Long-Term Debt	22,650.52				22,650.52	
Unallocated Depreciation		79,836.00				79,836.00
Loss on Disposal of Capital Assets	493.69	91,426.00			493.69	91,426.00
Nonpublic Auxiliary and Handicapped Services			4,248,762.19		4,248,762.19	
Total Expenses	16,992,246.69	20,857,280.00	4,248,762.19	-	21,241,008.88	20,857,280.00
Change in Net Position before Transfers	883,085.30	(292,476.00)	(1,317.14)	-	881,768.16	(292,476.00)
Transfers	(2,162,632.78)	-	2,210,879.72	-	48,246.94	-
Change in Net Position after Transfers	(1,279,547.48)	(292,476.00)	2,209,562.58	-	930,015.10	(292,476.00)
Net Position, July 1	6,128,775.32	6,421,251.32	-		6,128,775.32	6,421,251.32
Net Position, June 30	<u>\$ 4,849,227.84</u>	<u>\$ 6,128,775.32</u>	<u>\$ 2,209,562.58</u>	<u>-</u>	<u>\$ 7,058,790.42</u>	<u>\$ 6,128,775.32</u>

During fiscal year 2013, the Commission's total revenues increased by \$1,557,973.04, increasing from \$20,564,804.00 in fiscal year 2012 to \$22,122,777.04 in fiscal year 2013. The net change in total revenues is largely attributable to the following:

- transportation fees (charges for services) increased by \$1,295,515.21 as a result of the costs of transportation contracts rising, the Commission securing additional transportation contracts, and an increase in the number of students receiving aid-in-lieu of transportation
- miscellaneous revenue increased from fiscal year 2012 by \$190,497.51, primarily resulting from the cancellation of a prior fiscal year accounts payable

In fiscal year 2012, revenue resulting from the nonpublic auxiliary and handicapped services program was reported by the Commission as operating grants and contributions above; however, in fiscal year 2013, such revenues have been reclassified as charges for services. Refer to note 14, reclassification of operations.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

THE COMMISSION AS A WHOLE (CONT'D)

Charges for services, which include transportation fees from governmental activities and nonpublic auxiliary and handicapped service charges from business-type activities, constituted approximately ninety-four percent (94%) of total revenues for the Commission for the fiscal year 2013. Operating grants and contributions, which include State reimbursements of pension costs and social security benefits, and awards from the federal government, constitute approximately five percent (5%) of total revenues. Remaining revenues, or one percent (1%), consist of various miscellaneous revenues, which are detailed on exhibit J-5 in this CAFR.

During fiscal year 2013, the Commission's total expenses increased by \$383,728.88, increasing from \$20,857,280.00 in fiscal year 2012 to \$21,241,008.88 in fiscal year 2013.

As previously stated, the Commission reclassified its operations of its nonpublic auxiliary and handicapped services program from governmental activities to business-type activities. As a result, in fiscal year 2013, such costs associated with the program have been reclassified from instruction and support services to nonpublic auxiliary and handicapped services.

THE COMMISSION'S FUNDS

Governmental Funds

As the Commission completed the fiscal year, its governmental funds reported a *combined* fund balance of \$4,476,440.33, which is higher than last fiscal year's total of \$3,665,190.55. The entire governmental fund balance, which is all associated with the general fund, is unassigned at fiscal year-end.

General fund - The general fund is the general operating fund of the Commission and is used to account for the inflows and outflows of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,476,440.33, as previously stated.

During the current fiscal year, the fund balance of the Commission's general fund increased by \$811,249.78. The primary factor affecting the fund balance of the general fund is as follows:

- transportation fees from other lea's increased from fiscal year 2012 by \$1,295,515.21, or 10%
- unrestricted miscellaneous revenues for fiscal year 2013 increased from fiscal year 2012 by \$391,025.35, or 18%
- pupil transportation expenditures increased from fiscal year 2012 by \$1,001,966.68, or 8%

Special revenue fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. At the end of the current fiscal year, no fund balance existed in the special revenue fund.

Capital projects fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities, other than those financed by the proprietary funds. Generally, the financial resources of the capital projects fund are derived from the issuance of debt. There was no activity in the capital projects fund during the fiscal year ended June 30, 2013.

Debt service fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. There was no activity in the debt service fund during the fiscal year ended June 30, 2013.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

THE COMMISSION'S FUNDS (CONT'D)

Proprietary Funds

Nonpublic auxiliary and handicapped services fund - as the Commission completed the fiscal year, the Commission's total net position of the nonpublic auxiliary and handicapped services fund was \$2,209,562.58, which was comprised of \$2,178,741.70 of net investment in capital assets and \$30,820.88 of unrestricted net position.

During the fiscal year ended June 30, 2013, the Commission reclassified the reporting of its nonpublic auxiliary and handicapped services operations from the special revenue fund (governmental fund) to an enterprise fund (proprietary fund). The Commission's basis for this reclassification was based on the following factors:

- the Commission is not a recipient, or subrecipient, of nonpublic aid for auxiliary services or handicapped services awarded by the State of New Jersey Department of Education
- the Commission serves in the capacity of a vendor in the providing of nonpublic auxiliary and handicapped services to external educational institutions
- and, the pricing policies of the Commission in the providing of nonpublic auxiliary and handicapped services establish fees and charges designed to recover its costs, including capital costs

Of the total revenues of \$4,247,445.05 generated during fiscal year 2013, \$4,238,192.05, or approximately ninety-nine percent (99%), represents charges for services (tuition and fees).

Of the total operating expenses of \$4,133,374.97 incurred during fiscal year 2013, \$3,197,229.47, or approximately seventy-seven percent (77%), represents personnel salaries and benefits.

General Fund Budgetary Highlights

The Commission had budget modifications in the amount of \$1,949,091.00 during the fiscal year ended June 30, 2013, which was primarily a result of the Commission obtaining additional transportation contracts.

The final budgetary basis revenue estimate was \$17,099,710.00, which exceeded the original estimate of \$15,150,619.00. Total budgeted revenues realized equaled \$17,613,644.03, which was \$513,934.03 in excess of the budget estimate, thus replenishing fund balance. This excess was directly attributable to the Commission's reimbursed T.P.A.F. pension contributions (normal cost and post-retirement medical) and reimbursed T.P.A.F. social security contributions, which totaled \$581,759.00 and \$266,830.42, respectively.

The final budgetary basis expenditure appropriation estimate was \$17,099,710.00, which exceed the original estimate of \$15,150,619.00. Actual expenditures incurred of \$16,850,641.19 were less than the final budget estimate by \$242,778.81.

Special Revenue Fund Budgetary Highlights

Differences between the original budget and the final modified budget totaled \$34,649.00 (increase in budgeted revenues and appropriations). The modifications resulted from approved increases in various federal and state awards which were not known at the time the annual budget was adopted by the Commission.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Commission's net investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to a historical cost of \$6,019,778.03, or \$4,301,870.38 net of accumulated depreciation (see Table 3). This net investment in capital assets includes land, land improvements, buildings and building improvements, machinery and equipment, and vehicles. Net capital assets decreased by \$171,708.86 in fiscal year 2013 from fiscal year 2012. The primary factors affecting the decrease in net capital assets are as follows:

- current year depreciation expense was \$258,541.41
- the Commission disposed of various vehicles with a historical cost of \$186,142.00

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 58,380.00	\$ 291,900.00	\$ 233,520.00		\$ 291,900.00	\$ 291,900.00
Land Improvements	5,968.63	36,309.44	23,874.51		29,843.14	36,309.44
Buildings and Building Improvements	602,491.98	3,678,630.76	3,057,798.58		3,660,290.56	3,678,630.76
Machinery and Equipment	31,666.65	109,442.04	51,226.16		82,892.81	109,442.04
Vehicles	37,896.38	357,297.00	199,047.49		236,943.87	357,297.00
Total	<u>\$ 736,403.64</u>	<u>\$ 4,473,579.24</u>	<u>\$ 3,565,466.74</u>	<u>-</u>	<u>\$ 4,301,870.38</u>	<u>\$ 4,473,579.24</u>

Additional information on the Commission's capital assets can be found in note 4.

Debt

Lease Purchase Agreement. At the end of the current fiscal year, the Commission had a lease purchase agreement outstanding in the amount of \$1,733,406.30. The fiscal year 2013 adopted budget had an appropriation of \$136,893.57 representing the payment of the annual principal (refer to audit exhibit I-1, schedule of lease purchase agreement payable, for more detail).

Compensated Absences. At the end of the current fiscal year, the total liability for compensated absences was \$123,711.26. Compensated absences are those absences for which employees will be paid, such as sick leave. Additional information on compensated absences can be found in note 11.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year 2013, the Commission was able to sustain its budget through transportation fees, tuition, federal and state sources, and other various revenue sources. The Commission will continue to grow and develop services based upon the needs of its member districts. Any future programs offered will be the direct result of cooperation between its member districts and the Commission.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Camden County Educational Services Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Administrator of the Camden County Educational Services Commission, 225 White Horse Avenue, Clementon, New Jersey 08021.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Statement of Net Position

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 1,179,332.37		\$ 1,179,332.37
Internal Balances	884,363.24	\$ (884,363.24)	
Accounts Receivable, net (note 3)	2,459,380.53	1,061,306.69	3,520,687.22
Capital Assets, net (note 4)	736,403.64	3,565,466.74	4,301,870.38
Total Assets	<u>5,259,479.78</u>	<u>3,742,410.19</u>	<u>9,001,889.97</u>
LIABILITIES:			
Accounts Payable	46,635.81	5,581.02	52,216.83
Accrued Interest Payable	6,753.03	27,012.13	33,765.16
Noncurrent Liabilities (note 5):			
Due within One Year	29,416.50	133,699.99	163,116.49
Due beyond One Year	327,446.60	1,366,554.47	1,694,001.07
Total Liabilities	<u>410,251.94</u>	<u>1,532,847.61</u>	<u>1,943,099.55</u>
NET POSITION:			
Net Investment in Capital Assets	389,722.38	2,178,741.70	2,568,464.08
Unrestricted	4,459,505.46	30,820.88	4,490,326.34
Total Net Position	<u>\$ 4,849,227.84</u>	<u>\$ 2,209,562.58</u>	<u>\$ 7,058,790.42</u>

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Statement of Activities
For the Fiscal Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 576,488.31	\$ 654,729.13	\$ 109,586.65	\$ 8,089.00	\$ 195,916.47		\$ 195,916.47
Special Education	540,410.57				(540,410.57)		(540,410.57)
Other Special Instruction	246,477.05				(246,477.05)		(246,477.05)
Support Services:							
Student and Instruction Related Services	855,566.01	2,249,701.93	38,956.30		1,433,092.22		1,433,092.22
Other Administrative Services	120,133.41	45,412.46			(74,720.95)		(74,720.95)
School Administrative Services	108,746.29	6,231.00			(102,515.29)		(102,515.29)
Plant Operations and Maintenance	28,295.06				(28,295.06)		(28,295.06)
Pupil Transportation	13,096,409.04	13,632,988.21			536,579.17		536,579.17
Unallocated Benefits	1,396,576.74		848,589.42		(547,987.32)		(547,987.32)
Loss on Disposal of Capital Assets	493.69				(493.69)		(493.69)
Interest on Long-Term Debt	22,650.52				(22,650.52)		(22,650.52)
Total Governmental Activities	16,992,246.69	16,589,062.73	997,132.37	8,089.00	602,037.41	-	602,037.41
Business-Type Activities:							
Nonpublic Auxiliary and Handicapped Services	4,248,762.19	4,238,192.05				\$ (10,570.14)	(10,570.14)
Total Business-Type Activities	4,248,762.19	4,238,192.05	-	-	-	(10,570.14)	(10,570.14)
Total Primary Government	\$ 21,241,008.88	\$ 20,827,254.78	\$ 997,132.37	\$ 8,089.00	602,037.41	(10,570.14)	591,467.27
General Revenues:							
Interest and Investment Earnings - Unrestricted					20,248.38		20,248.38
Miscellaneous					260,799.51	9,253.00	270,052.51
Transfers (notes 12, 14)					(2,162,632.78)	2,210,879.72	48,246.94
Total General Revenues and Transfers					(1,881,584.89)	2,220,132.72	338,547.83
Change in Net Position					(1,279,547.48)	2,209,562.58	930,015.10
Net Position, July 1					6,128,775.32	-	6,128,775.32
Net Position, June 30					\$ 4,849,227.84	\$ 2,209,562.58	\$ 7,058,790.42

The accompanying notes to financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Governmental Funds

Balance Sheet

June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 1,179,332.37				\$ 1,179,332.37
Interfunds Account Receivable:					
Special Revenue Fund	36,378.19				36,378.19
Enterprise Fund	884,363.24				884,363.24
Fiduciary Funds	49,226.57				49,226.57
Intergovernmental Accounts Receivable:					
Federal		\$ 37,934.49			37,934.49
State	13,543.32				13,543.32
Other	2,358,676.15				2,358,676.15
Total Assets	<u>\$ 4,521,519.84</u>	<u>\$ 37,934.49</u>	<u>-</u>	<u>-</u>	<u>\$ 4,559,454.33</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfunds Account Payable:					
General Fund		\$ 36,378.19			\$ 36,378.19
Accounts Payable	\$ 45,079.51	1,556.30			46,635.81
Total Liabilities	<u>45,079.51</u>	<u>37,934.49</u>	<u>-</u>	<u>-</u>	<u>83,014.00</u>
Fund Balances (note 13):					
Unassigned	4,476,440.33				4,476,440.33
Total Fund Balances	<u>4,476,440.33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,476,440.33</u>
Total Liabilities and Fund Balances	<u>\$ 4,521,519.84</u>	<u>\$ 37,934.49</u>	<u>-</u>	<u>-</u>	

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Governmental Funds

Balance Sheet

June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>					
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$987,424.94, and the accumulated depreciation is \$251,021.30.</p>					\$ 736,403.64
<p>Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds.</p>					(6,753.03)
<p>Long-term liabilities, including lease purchase agreement payable and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds.</p>					<u>(356,863.10)</u>
<p>Net Position of Governmental Activities</p>					<u>\$ 4,849,227.84</u>

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Tuition Charges	\$ 577,172.05				\$ 577,172.05
Transportation Fees from Other LEAs	13,632,988.21				13,632,988.21
Unrestricted Miscellaneous Revenues	2,554,894.35				2,554,894.35
Federal Sources		\$ 153,315.95			153,315.95
State Sources	848,589.42				848,589.42
Local Sources		3,316.00			3,316.00
Total Revenues	17,613,644.03	156,631.95	-	-	17,770,275.98
EXPENDITURES:					
Current:					
Regular Instruction	450,481.94	109,586.65			560,068.59
Special Education Instruction	545,690.55				545,690.55
Other Special Instruction	246,477.05				246,477.05
Support Services and Undistributed Costs:					
Student and Instruction Related Services	817,704.99	38,956.30			856,661.29
Other Administrative Services	86,934.98				86,934.98
School Administrative Services	153,541.48				153,541.48
Plant Operations and Maintenance	16,022.78				16,022.78
Pupil Transportation	13,096,333.68				13,096,333.68
Unallocated Benefits	1,396,576.74				1,396,576.74
Capital Outlay	40,877.00	8,089.00			48,966.00
Total Expenditures	16,850,641.19	156,631.95	-	-	17,007,273.14
Excess (Deficiency) of Revenues over Expenditures	763,002.84	-	-	-	763,002.84

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES):					
Transfers - Unemployment Compensation Trust Fund (note 12)	\$ 48,246.94	_____	_____	_____	\$ 48,246.94
Total Other Financing Sources and Uses	48,246.94	-	-	-	48,246.94
Net Change in Fund Balances	811,249.78	-	-	-	811,249.78
Fund Balance, July 1	3,665,190.55	-	-	-	3,665,190.55
Fund Balance, June 30	<u>\$ 4,476,440.33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 4,476,440.33</u>

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Governmental Funds	\$	811,249.78
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (38,680.27)	
Capital Outlays	<u>54,410.68</u>	
		15,730.41
<p>Reclassification of prior year expenses capitalized in the current fiscal year due to timing differences.</p>		
		109,866.21
<p>The proceeds from the sale of capital assets are reported as revenues in the governmental funds. In the statement of activities, however, gains or losses on the sale of capital assets considers the balance of accumulated depreciation at the time of the sale.</p>		
Loss on Sale of Capital Assets	(493.69)	
Cash Proceeds	<u>(4,810.20)</u>	
		(5,303.89)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		4,168.55
<p>In the statement of activities, certain operating expenses, (e.g., compensated absences, interest on debt), are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). This amount is the net effect of these differences in the treatment of these items.</p>		
		(4,378.82)
<p>Transfer of capital assets, net of accumulated depreciation (\$3,857,466.83) and lease purchase agreement payable (\$1,646,587.11) resulting from the transfer of operations from governmental activities to business-type activities. (see notes 12 and 14)</p>		
		<u>(2,210,879.72)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(1,279,547.48)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Proprietary Fund
 Business-Type Activities - Enterprise Fund
 Statement of Net Position
 June 30, 2013

	<u>Nonpublic Auxiliary and Handicapped Services Fund</u>
ASSETS:	
Current Assets:	
Intergovernmental Accounts Receivable:	
Other	\$ 1,061,306.69
Total Current Assets	<u>1,061,306.69</u>
Noncurrent Assets:	
Capital Assets:	
Land	233,520.00
Land Improvements	103,460.80
Buildings and Building Improvements	4,010,047.42
Machinery and Equipment	172,874.87
Vehicles	512,450.00
Less: Accumulated Depreciation	<u>(1,466,886.35)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>3,565,466.74</u>
Total Noncurrent Assets	<u>3,565,466.74</u>
Total Assets	<u>4,626,773.43</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	5,581.02
Interfund Accounts Payable:	
General Fund	884,363.24
Accrued Interest Payable	27,012.13
Compensated Absences Payable	19,530.75
Lease Purchase Agreement Payable	<u>114,169.24</u>
Total Current Liabilities	<u>1,050,656.38</u>
Noncurrent Liabilities:	
Compensated Absences Payable	93,998.67
Lease Purchase Agreement Payable	<u>1,272,555.80</u>
Total Noncurrent Liabilities	<u>1,366,554.47</u>
Total Liabilities	<u>2,417,210.85</u>
NET POSITION:	
Net Investment in Capital Assets	2,178,741.70
Unrestricted	<u>30,820.88</u>
Total Net Position	<u><u>\$ 2,209,562.58</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Proprietary Fund
Business-Type Activities - Enterprise Fund
Statement of Revenues, Expenses, and Change in Fund Net Position
For the Fiscal Year Ended June 30, 2013

	<u>Nonpublic Auxiliary and Handicapped Services Fund</u>
OPERATING REVENUES:	
Charges for Services:	
Tuition and Fees	\$ 4,238,192.05
General:	
Miscellaneous	<u>9,253.00</u>
Total Operating Revenues	<u>4,247,445.05</u>
OPERATING EXPENSES:	
Personnel Services - Salaries	2,679,127.06
Personnel Services - Employee Benefits	518,102.41
Purchased Professional and Technical Services	504,410.10
Other Purchased Services	149,501.57
Supplies and Materials	56,204.48
Depreciation	219,861.14
Miscellaneous Expenditures	<u>6,168.21</u>
Total Operating Expenses	<u>4,133,374.97</u>
Operating Income (Loss)	<u>114,070.08</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Expense	(90,602.07)
Loss on Disposal of Capital Assets	<u>(24,785.15)</u>
Total Nonoperating Revenues (Expenses)	<u>(115,387.22)</u>
Income (Loss) before Transfers	(1,317.14)
TRANSFERS:	
Transfer In (notes 12, 14)	<u>2,210,879.72</u>
Change in Net Position	2,209,562.58
Net Position, July 1	<u>-</u>
Net Position, June 30	<u><u>\$ 2,209,562.58</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Proprietary Fund

Business-Type Activities - Enterprise Fund

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2013

	<u>Nonpublic Auxiliary and Handicapped Services Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers and Users	\$ 4,118,915.18
Payments to Suppliers	(800,296.04)
Payments to Employees	(2,718,281.59)
Payments for Employee Benefits	<u>(521,097.73)</u>
Net Cash Provided by (Used for) Operating Activities	<u>79,239.82</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from (to) General Fund	<u>936,247.04</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>936,247.04</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	(4,554.00)
Principal Paid on Lease Purchase Debt	(109,514.85)
Interest Paid on Debt	<u>(63,589.94)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(177,658.79)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	837,828.07
Balances, July 1	<u>(837,828.07)</u>
Balances, June 30	<u><u>-</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 114,070.08
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	219,861.14
(Increase) Decrease in Intergovernmental Accounts Receivable	(119,276.87)
Increase (Decrease) in Accounts Payable	(98,596.73)
Increase (Decrease) in Compensated Absences Payable	<u>(36,817.80)</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ 79,239.82</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2013

	<u>Private-Purpose Trust Funds</u>		<u>Agency Funds</u>
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefits Trust</u>	<u>Payroll</u>
ASSETS:			
Cash and Cash Equivalents		\$ 16,472.66	\$ 62,123.94
Intrafund Accounts Receivable:			
Payroll Agency	<u>\$ 48,246.94</u>		
Total Assets	<u>48,246.94</u>	<u>16,472.66</u>	<u>\$ 62,123.94</u>
LIABILITIES:			
Intrafund Accounts Payable:			
Unemployment Compensation Trust			\$ 48,246.94
Interfund Accounts Payable:			
General Fund	48,246.94		979.63
Payroll Deductions and Withholdings			<u>12,897.37</u>
Total Liabilities	<u>48,246.94</u>	<u>-</u>	<u>\$ 62,123.94</u>
NET POSITION:			
Held in Trust for Other Purposes	<u>-</u>	<u>\$ 16,472.66</u>	

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Fiduciary Funds
 Statement of Changes in Fiduciary Fund Net Position
 For the Fiscal Year Ended June 30, 2013

	Private-Purpose Trust Funds	
	Unemployment Compensation Trust	Flexible Benefits Trust
ADDITIONS:		
Contributions:		
Other	_____	\$ 26,357.31
Total Contributions	_____	26,357.31
Investment Earnings:		
Interest and Dividends	_____	61.46
Net Investment Earnings	_____	61.46
Total Additions	_____	26,418.77
DEDUCTIONS:		
Claims	_____	28,271.01
Total Deductions	_____	28,271.01
Change in Net Position before Transfers	_____	(1,852.24)
TRANSFERS:		
Transfers Out (note 12):		
General Fund	\$ (48,246.94)	
Payroll Agency Fund	(8,646.95)	
Total Transfers	(56,893.89)	_____
Change in Net Position	(56,893.89)	(1,852.24)
Net Position, July 1	56,893.89	18,324.90
Net Position, June 30	_____	\$ 16,472.66

The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Reporting Entity

The Commission is a local educational agency organized pursuant to the rules and regulations of the Department of Education of the State of New Jersey. The Commission is located in the Borough of Clementon, County of Camden, State of New Jersey. The purpose of the Commission is to provide educational and administrative services and programs for local school districts located within Camden County. The Commission functions independently through a Board of Directors. The Board is comprised of fourteen members selected to a one-year term at the annual reorganization meeting of the Member Districts. The Superintendent is appointed by the Board to act as executive officer of the Commission. The Commission has an approximate enrollment at June 30, 2013 of 5,613 students.

The primary criterion for including activities within the Commission's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Commission. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Commission over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Commission is not includable in any other reporting entity on the basis of such criteria.

Component Units

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, provide 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 Statements No. 14 and No. 39. In addition, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. In addition, GASB Statement No. 61 clarifies the manner in which component units are presented (discretely presented, blended, or included in the fiduciary fund financial statements).

Based on the aforementioned, the Commission has determined that no component units exist for the fiscal year ended June 30, 2013.

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

The Commission's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the Commission as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Commission's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Commission to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Commission. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Commission.

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

The governmental funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The proprietary fund is accounted for on an "economic resources" measurement focus. Accordingly, statement of revenues, expenses and changes in fund net position for the proprietary fund reports increases and decreases in total economic worth. The private-purpose trust funds are reported using the economic resources measurement focus.

Governmental Funds - Governmental funds are those through which most Commission functions are financed. The acquisition, use, and balances of the Commission's expendable financial resources and the related liabilities, except those accounted for in the proprietary fund and fiduciary funds, are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income. The following are the Commission's major governmental funds:

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

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

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

Resources for budgeted capital outlay purposes are normally derived from local source revenues, which include transportation fees, tuition, and miscellaneous. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from the issuance of capital debt.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds

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

The Commission maintains the following enterprise fund:

Nonpublic Auxiliary and Handicapped Services Fund - This fund accounts for the financial activity related to contracting with private schools to provide services under Chapters 192 and 193 of the Laws of 1977, Auxiliary Services for Non-Public Pupils. Students from various Camden County districts, as well as some districts from adjacent counties, receive one or more of the following services as needed: compensatory education, English as a second language, examination and classification, speech correction, home instruction, and supplemental instruction.

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

Fiduciary funds are used to account for assets held by the Commission on behalf of outside related organizations or on behalf of other funds within the Commission. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The Commission maintains the following fiduciary funds:

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

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

Flexible Benefits Trust Fund - Revenues consist of volunteer pre-tax employee payroll withholdings for the purpose of paying for qualified medical expenses, and interest income. Expenditures represent reimbursements to employees for qualified medical expenses.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e. both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include reimbursable-type grants and interest on investments. The Commission considers all revenues, with the exception of the expenditure-driven grants, as available if they are collected within sixty (60) days after fiscal year-end. The expenditure driven grants are considered available if received within one fiscal year from the balance sheet date. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due / paid.

In applying the susceptible to accrual concept to revenues from federal and state sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the Commission will receive any amounts; therefore, revenues are recognized based on the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In cases where monies are received and all eligibility requirements, including timing, have been satisfied, but the occurrence of expenditure has yet to happen, amounts are reported as unearned revenue. Conversely, where monies are received but eligibility requirements, including timing, have yet to be satisfied, such amounts are reported as deferred inflows of resources.

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

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

Revenue Recognition

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, and then unrestricted resources as they are needed.

Budgets / Budgetary Control

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

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

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

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

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

Encumbrances

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

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

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

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased. As of June 30, 2013, no significant inventories existed.

Transportation Fees from Other LEAs Receivable

Transportation fees from other LEAs ("local education agency") were established by the Commission based on actual costs plus an administrative fee approved by the Board of Directors.

Tuition Charges Receivable

Tuition charges for the fiscal year ended June 30, 2013 was based on the number of students serviced times the state allotments awarded to the sending school district for students.

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

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2013. As of June 30, 2013, no such prepayments exist.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 Years
Buildings and Building Improvements	5 - 50 Years
Machinery and Equipment	5 - 20 Years
Vehicles	8 Years

The Commission does not possess any infrastructure assets.

Unearned Revenue

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

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

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

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

Accrued Liabilities and Long-Term Obligations

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

Net Position

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

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

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

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

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

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

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

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

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

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

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

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

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

Interfund Activity

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

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

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

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

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASBS 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement is effective for periods beginning after December 15, 2011. The Commission does not have any SCAs and therefore the adoption of GASBS 60 does not have any impact on the Commission's financial statements.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASBS 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This Statement is effective for periods beginning after June 15, 2012. The Commission elected to early implement GASBS 61 effective for fiscal year 2013. The adoption of GASBS 61, however, does not have any impact on the Commission's financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011. The adoption of GASBS 62 does not have any impact on the Commission's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. This Statement is effective for financial statements for periods beginning after December 15, 2011. The adoption of GASBS 63, however, does not have a material impact on the Commission's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASBS 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. The Commission elected to early implement GASBS 65 effective for fiscal year 2013. The adoption of GASBS 65, however, does not have a material impact on the Commission's financial statements.

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

In March 2012, the GASB issued Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. GASBS 66 is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. This Statement is effective for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this Statement on the Commission's financial statements although no impact is expected.

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013. The Commission does not administer any state or local pension plans; therefore, the adoption of GASBS 67 will not have any impact on the Commission's financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. In addition, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the Commission's financial statements and expects the impact to be material.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the Commission's financial statements although no impact is expected.

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

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the Commission's financial statements although no impact is expected.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2013, the Commission's bank balances of \$3,820,924.25 were not exposed to custodial credit risk, as they were insured as follows:

Insured under F.D.I.C.	\$ 250,000.00
Collateralized under GUDPA	<u>3,570,924.25</u>
	<u><u>\$ 3,820,924.25</u></u>

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2013 consisted of federal and state awards and intergovernmental charges for transportation, tuition, and nonpublic auxiliary and handicapped services. All federal and state receivables are considered collectible in full due to the stable condition of the federal and state programs. All intergovernmental receivables are considered fully collectible by the Commission.

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

Description	Governmental Funds		Proprietary Funds				Total
	General Fund	Special Revenue Fund	Total Governmental Activities	Nonpublic Auxiliary and Handicapped Services Fund	Total Business-Type Activities	Fiduciary Funds	
Federal Awards		\$37,934.49	\$ 37,934.49				\$ 37,934.49
State Awards	\$ 13,543.32		13,543.32				13,543.32
Intergovernmental	2,358,676.15		2,358,676.15	\$ 1,061,306.69	\$ 1,061,306.69		3,419,982.84
Fiduciary Fund			49,226.57				49,226.57
	<u>\$ 2,372,219.47</u>	<u>\$ 37,934.49</u>	<u>\$ 2,459,380.53</u>	<u>\$ 1,061,306.69</u>	<u>\$ 1,061,306.69</u>	<u>-</u>	<u>\$3,520,687.22</u>

Note 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	Balance July 1, 2012	Additions	Retirements and Transfers	Balance June 30, 2013
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 291,900.00		\$ (233,520.00)	\$ 58,380.00
Total Capital Assets, not being Depreciated	291,900.00	-	(233,520.00)	58,380.00
Capital Assets, being Depreciated:				
Land Improvements	129,326.00		(103,460.80)	25,865.20
Buildings and Building Improvements	4,687,322.40	\$ 3,500.00	(3,929,347.38)	761,475.02
Machinery and Equipment	274,414.20	10,033.68	(190,820.16)	93,627.72
Vehicles	701,265.00	40,877.00	(694,065.00)	48,077.00
Total Capital Assets, being Depreciated	5,792,327.60	54,410.68	(4,917,693.34)	929,044.94
Total Capital Assets, Cost	6,084,227.60	54,410.68	(5,151,213.34)	987,424.94
Less Accumulated Depreciation for:				
Land Improvements	(93,016.56)	(1,293.26)	74,413.25	(19,896.57)
Buildings and Building Improvements	(1,008,691.64)	(16,679.09)	866,387.69	(158,983.04)
Machinery and Equipment	(164,972.16)	(17,011.42)	120,022.51	(61,961.07)
Vehicles	(343,968.00)	(3,696.50)	337,483.88	(10,180.62)
Total Accumulated Depreciation	(1,610,648.36)	(38,680.27)	1,398,307.33	(251,021.30)
Total Capital Assets, being Depreciated, Net	4,181,679.24	15,730.41	(3,519,386.01)	678,023.64
Governmental Activities Capital Assets, Net	<u>\$ 4,473,579.24</u>	<u>\$ 15,730.41</u>	<u>\$ (3,752,906.01)</u>	<u>\$ 736,403.64</u>

Note 4: CAPITAL ASSETS (CONT'D)

Capital asset activity for the fiscal year ended June 30, 2013 is as follows (cont'd):

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2013</u>
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land			\$ 233,520.00	\$ 233,520.00
Total Capital Assets, not being Depreciated	-	-	233,520.00	233,520.00
Capital Assets, being Depreciated:				
Land Improvements			103,460.80	103,460.80
Buildings and Building Improvements	\$ 93,120.00		3,916,927.42	4,010,047.42
Machinery and Equipment	21,298.71		151,576.16	172,874.87
Vehicles			512,450.00	512,450.00
Total Capital Assets, being Depreciated	-	114,418.71	4,684,414.38	4,798,833.09
Total Capital Assets, Cost	-	114,418.71	4,917,934.38	5,032,353.09
Less Accumulated Depreciation for:				
Land Improvements		(5,173.04)	(74,413.25)	(79,586.29)
Buildings and Building Improvements		(98,281.11)	(853,967.73)	(952,248.84)
Machinery and Equipment		(33,213.26)	(88,435.45)	(121,648.71)
Vehicles		(83,193.73)	(230,208.78)	(313,402.51)
Total Accumulated Depreciation	-	(219,861.14)	(1,247,025.21)	(1,466,886.35)
Total Capital Assets, being Depreciated, Net	-	(105,442.43)	3,437,389.17	3,331,946.74
Business-Type Activities Capital Assets, Net	-	\$ (105,442.43)	\$ 3,670,909.17	\$ 3,565,466.74

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

Governmental Activities:	
Regular Instruction	\$ 16,419.72
Other Administrative Services	9,988.27
Plant Operations and Maintenance	12,272.28
Total Depreciation Expense - Governmental Activities	<u>\$ 38,680.27</u>
Business-Type Activities:	
Nonpublic Auxiliary and Handicapped Services Fund	<u>\$ 219,861.14</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 219,861.14</u>

Note 5: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2013, the following changes occurred in long-term obligations:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:						
Compensated Absences	\$ 162,903.28	\$ 3,459.82	\$ (5,834.04)	\$ (150,347.22)	\$ 10,181.84	\$ 874.19
Lease Purchase Agreement	1,870,299.87		(27,378.72)	(1,496,239.89)	346,681.26	28,542.31
Governmental Activity Long-Term Liabilities	<u>\$ 2,033,203.15</u>	<u>\$ 3,459.82</u>	<u>\$ (33,212.76)</u>	<u>\$ (1,646,587.11)</u>	<u>\$ 356,863.10</u>	<u>\$ 29,416.50</u>

Compensated absences and the lease purchase agreement payable are liquidated by the general fund.

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due within</u> <u>One Year</u>
Business-Type Activities:						
Compensated Absences		\$ 38,730.08	\$ (75,547.88)	\$ 150,347.22	\$ 113,529.42	\$ 19,530.75
Lease Purchase Agreement			(109,514.85)	1,496,239.89	1,386,725.04	114,169.24
Business-Type Activity Long-Term Liabilities	<u>-</u>	<u>\$ 38,730.08</u>	<u>\$ (185,062.73)</u>	<u>\$ 1,646,587.11</u>	<u>\$ 1,500,254.46</u>	<u>\$ 133,699.99</u>

Lease Purchase Agreement - On July 26, 2006, the Commission entered into a lease purchase agreement with the Camden County Improvement Authority ("CCIA") to finance the addition and renovation to the Commission's administrative building. The lease purchase agreement was subsequently amended on January 9, 2008 to allow for the Commission to prepay all or a portion of the outstanding balance any time upon compliance with the condition contained therein. Under the lease purchase agreement, the CCIA sold revenue bonds, which are guaranteed by the County of Camden, State of New Jersey, to finance the project. Under this agreement, the Commission is required to repay principal on January 15, and interest on January 15 and July 15 until maturity to the CCIA. The revenue bonds mature on January 15, 2023 and bear an interest rate of 4.25%.

Principal and interest due on the lease purchase agreement is as follows:

Fiscal Year Ending June 30,	Principal			Interest			Total	
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities
2014	\$ 28,542.31	\$ 114,169.24	\$ 142,711.55	\$ 14,733.89	\$ 58,935.55	\$ 73,669.44	\$ 43,276.20	\$ 173,104.79
2015	29,755.36	119,021.43	148,776.79	13,520.84	54,083.36	67,604.20	43,276.20	173,104.79
2016	31,019.96	124,079.85	155,099.81	12,256.24	49,024.96	61,281.20	43,276.20	173,104.81
2017	32,338.31	129,353.24	161,691.55	10,937.89	43,751.57	54,689.46	43,276.20	173,104.81
2018	33,712.69	134,850.75	168,563.44	9,563.51	38,254.05	47,817.56	43,276.20	173,104.80
2019 - 2023	191,312.63	765,250.53	956,563.16	25,068.37	100,273.47	125,341.84	216,381.00	865,524.00
	<u>\$ 346,681.26</u>	<u>\$ 1,386,725.04</u>	<u>\$ 1,733,406.30</u>	<u>\$ 86,080.74</u>	<u>\$ 344,322.96</u>	<u>\$ 430,403.70</u>	<u>\$ 432,762.00</u>	<u>\$ 1,731,048.00</u>

Debt Authorized but not Issued - As of June 30, 2013, the Commission had no authorizations to issue additional debt.

Note 6: PENSION PLANS

A substantial number of the Commission's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Commission employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund ("TPAF") is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years, which began July 1, 2012. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the Commission and all other related non-contributing employers. No normal or accrued liability contribution by the Commission has been required over several preceding fiscal years.

Public Employees' Retirement System - The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Note 6: PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd) - The Commission is billed annually for its normal contribution plus any accrued liability. The Commission's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Regular Pension Contributions</u>	<u>Non-Contributory Group Life Insurance</u>	<u>Paid by Commission</u>
2013	\$ 27,394.00	\$ 65,500.00	\$ 92,894.00	\$ 5,529.00	\$ 98,423.00
2012	37,246.00	74,491.00	111,737.00	7,119.00	118,856.00
2011	36,411.00	58,019.00	94,430.00	7,172.00	101,602.00

Defined Contribution Retirement Program - The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Commission's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Commission's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Paid by Commission</u>
2013	\$ 3,485.27	\$ 3,485.27
2012	2,531.26	2,531.26
2011	2,628.00	2,628.00

Note 7: STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees receiving postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a 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 free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

Note 8: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2013, the Commission has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement medical costs were \$273,030.00 and \$308,729.00, respectively.

Note 9: RISK MANAGEMENT

The Commission 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 Commission 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.

Joint Insurance Pool - The Commission is a member of the New Jersey School Boards Association Insurance Group ("NJSBAIG"). The NJSBAIG provides its members with the following coverage:

- General Liability
- Boiler & Machinery
- Errors & Omissions
- Worker's Compensation
- Umbrella Liability
- Automobile Liability
- Public Official Bonds
- Property Damage
- Crime

Contributions to the NJSBAIG are determined by the NJSBAIG Board of Trustees, based on actuarial assumptions determined by an actuary. The Commission is jointly and personally liable for claims insured by the NJSBAIG and its members during the period of its membership, including liability for supplemental assessments, if necessary. The NJSBAIG's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The NJSBAIG provides the Commission with the coverage as identified in the statistic section of this Comprehensive Annual Financial Report, specifically exhibit J-20.

The NJSBAIG publishes its own financial report for the fiscal year ended June 30, 2013, which can be obtained at www.njsbaig.org.

Note 10: DEFERRED COMPENSATION

The Commission offers its employees a choice of three deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entity listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrator is The Omni Financial Group.

Note 11: COMPENSATED ABSENCES

The Commission 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.

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2013, the liability for compensated absences in the governmental activities and business-type activities was \$10,181.84 and \$113,529.42 respectively.

Note 12: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2013 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 969,968.00	
Special Revenue		\$ 36,378.19
Nonpublic Auxiliary and Handicapped Services		884,363.24
Fiduciary		49,226.57
	<u>\$ 969,968.00</u>	<u>\$ 969,968.00</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2014, the Commission expects to liquidate such interfunds, depending upon the availability of cash flow.

The following represents transfers during the fiscal year ended June 30, 2013:

	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
<u>Transfers Out:</u>			
Fiduciary Funds	<u>\$ 48,246.94</u>	<u>\$ 8,646.95</u>	<u>\$ 56,893.89</u>
Total Transfers Out	<u>\$ 48,246.94</u>	<u>\$ 8,646.95</u>	56,893.89
Transfer in of capital assets and lease purchase agreement payable:			
To Nonpublic Auxiliary and Handicapped Services Fund from existing capital assets and lease purchase agreement			2,210,879.72
Transfer in of unemployment compensation payroll taxes:			
To Fiduciary Funds (Agency Funds)			<u>(8,646.95)</u>
Total Transfers In			<u>\$ 2,259,126.66</u>

Note 12: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONT'D)

In the fund financial statements, total transfers in of \$2,259,126.66 are greater than total transfers out of \$56,893.89 because of the treatment of transfers of capital assets and lease purchase agreement to the nonpublic auxiliary and handicapped services enterprise fund, and an intrafund transfer between two fiduciary funds. During the fiscal year, the Commission reclassified the reporting of its nonpublic auxiliary and handicapped services operations from the special revenue fund (governmental fund) to an enterprise fund (proprietary fund) (see note 14). No amounts were reported in the governmental funds as the amount did not involve the transfer of financial resources; however, the nonpublic auxiliary and handicapped services fund did report a transfer in for the capital resources and debt received.

In addition, the Commission transferred \$8,646.95 between two fiduciary funds, the unemployment compensation trust fund (private-purpose trust fund) and the payroll fund (agency fund). This transfer resulted from the Commission liquidating its private-purpose unemployment compensation trust fund as the Commission reports and remits unemployment payroll withholding taxes based on the State of New Jersey's contributions method as opposed to the reimbursement method.

Note 13: FUND BALANCES**UNASSIGNED**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The Commission's unassigned fund balance, as of June 30, 2013, in the general fund was \$4,476,440.33.

Note 14: RECLASSIFICATION OF OPERATIONS

During the fiscal year ended June 30, 2013, the Commission reclassified the reporting of its nonpublic auxiliary and handicapped services operations from the special revenue fund (governmental fund) to an enterprise fund (proprietary fund). The Commission's basis for this reclassification was based on the following factors:

- the Commission is not a recipient, or subrecipient, of nonpublic aid for auxiliary services or handicapped services awarded by the State of New Jersey Department of Education
- the Commission serves in the capacity of a vendor in the providing of nonpublic auxiliary and handicapped services to external educational institutions
- and, the pricing policies of the Commission in the providing of nonpublic auxiliary and handicapped services establish fees and charges designed to recover its costs, including capital costs

For the fiscal year ended June 30, 2013, the Commission's adopted budget for its special revenue fund included anticipated revenues and appropriations for the nonpublic auxiliary and handicapped services operations. As a result of the aforementioned reclassification of operations, these anticipated budgetary revenues and appropriations have been removed from the special revenue fund budgetary comparison schedule (exhibit C-2). All fiscal year 2013 activity and operations of the Commission's nonpublic auxiliary and handicapped services has been accounted for and reported in the enterprise fund entitled nonpublic auxiliary and handicapped services fund.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Tuition	\$ 690,600.00	\$ 71,495.00	\$ 762,095.00	\$ 577,172.05	\$ (184,922.95)
Transportation Fees from Other LEAs	12,778,500.00	1,500,000.00	14,278,500.00	13,632,988.21	(645,511.79)
Unrestricted Miscellaneous Revenues	<u>1,681,519.00</u>	<u>377,596.00</u>	<u>2,059,115.00</u>	<u>2,554,894.35</u>	<u>495,779.35</u>
Total - Local Sources	<u>15,150,619.00</u>	<u>1,949,091.00</u>	<u>17,099,710.00</u>	<u>16,765,054.61</u>	<u>(334,655.39)</u>
State Sources:					
Reimbursed T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)				273,030.00	273,030.00
Reimbursed T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				308,729.00	308,729.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				<u>266,830.42</u>	<u>266,830.42</u>
Total - State Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>848,589.42</u>	<u>848,589.42</u>
Total Revenues	<u>15,150,619.00</u>	<u>1,949,091.00</u>	<u>17,099,710.00</u>	<u>17,613,644.03</u>	<u>513,934.03</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers		54,000.00	54,000.00	4,331.66	49,668.34
Grades 9-12 - Salaries of Teachers	449,000.00		449,000.00	377,994.40	71,005.60
Regular Programs - Home Instruction:					
Salaries of Teachers	75,000.00	(10,000.00)	65,000.00	45,161.90	19,838.10
Purchased Professional - Educational Services	15,000.00	10,000.00	25,000.00	22,615.00	2,385.00
Regular Programs - Undistributed Instruction:					
General Supplies	<u>1,000.00</u>	<u>1,000.00</u>	<u>2,000.00</u>	<u>378.98</u>	<u>1,621.02</u>
Total Regular Programs - Instruction	<u>540,000.00</u>	<u>55,000.00</u>	<u>595,000.00</u>	<u>450,481.94</u>	<u>144,518.06</u>

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Special Education - Instruction:					
Resource Room / Resource Center:					
Salaries of Teachers	\$ 121,103.00	\$ 9,897.00	\$ 131,000.00	\$ 130,080.00	\$ 920.00
Other Salaries for Instruction	321,300.00	109,200.00	430,500.00	415,610.55	14,889.45
General Supplies	110.00		110.00		110.00
Total Resource Room / Resource Center	<u>442,513.00</u>	<u>119,097.00</u>	<u>561,610.00</u>	<u>545,690.55</u>	<u>15,919.45</u>
Total Special Education - Instruction	<u>442,513.00</u>	<u>119,097.00</u>	<u>561,610.00</u>	<u>545,690.55</u>	<u>15,919.45</u>
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	251,838.00	(10,738.00)	241,100.00	241,045.20	54.80
General Supplies	240.00	5,250.00	5,490.00	5,431.85	58.15
Total Basic Skills / Remedial - Instruction	<u>252,078.00</u>	<u>(5,488.00)</u>	<u>246,590.00</u>	<u>246,477.05</u>	<u>112.95</u>
Bilingual Education - Instruction:					
Salaries of Teachers	6,763.00	(6,763.00)			
Total Bilingual Education - Instruction	<u>6,763.00</u>	<u>(6,763.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Instruction	<u>1,241,354.00</u>	<u>161,846.00</u>	<u>1,403,200.00</u>	<u>1,242,649.54</u>	<u>160,550.46</u>
Undistributed Expenditures - Attendance and Social Work:					
Salaries		16,000.00	16,000.00	7,822.00	8,178.00
Salaries of Other Professional Staff		5,080.00	5,080.00	4,064.00	1,016.00
Total Undistributed Expenditures - Attendance and Social Work	<u>-</u>	<u>21,080.00</u>	<u>21,080.00</u>	<u>11,886.00</u>	<u>9,194.00</u>
Undistributed Expenditures - Health Services:					
Salaries	40,800.00	125,337.00	166,137.00	145,937.00	20,200.00
Supplies and Materials	5,500.00	500.00	6,000.00	5,247.35	752.65
Total Undistributed Expenditures - Health Services	<u>46,300.00</u>	<u>125,837.00</u>	<u>172,137.00</u>	<u>151,184.35</u>	<u>20,952.65</u>

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	\$ 297,500.00		\$ 297,500.00	\$ 282,240.66	\$ 15,259.34
Purchased Professional - Educational Services	55,000.00		55,000.00	44,130.40	10,869.60
	<u>352,500.00</u>	<u>-</u>	<u>352,500.00</u>	<u>326,371.06</u>	<u>26,128.94</u>
Total Undistributed Expenditures - Other Support Services - Students - Related Services					
	<u>352,500.00</u>	<u>-</u>	<u>352,500.00</u>	<u>326,371.06</u>	<u>26,128.94</u>
Undistributed Expenditures - Guidance:					
Students - Regular:					
Salaries of Other Professional Staff	75,094.00	\$ 9,063.00	84,157.00	84,156.85	0.15
	<u>75,094.00</u>	<u>9,063.00</u>	<u>84,157.00</u>	<u>84,156.85</u>	<u>0.15</u>
Total Undistributed Expenditures - Guidance					
	<u>75,094.00</u>	<u>9,063.00</u>	<u>84,157.00</u>	<u>84,156.85</u>	<u>0.15</u>
Undistributed Expenditures - Child Study Team:					
Purchased Professional - Educational Services	20,000.00	40,000.00	60,000.00	56,745.00	3,255.00
	<u>20,000.00</u>	<u>40,000.00</u>	<u>60,000.00</u>	<u>56,745.00</u>	<u>3,255.00</u>
Total Undistributed Expenditures - Child Study Team					
	<u>20,000.00</u>	<u>40,000.00</u>	<u>60,000.00</u>	<u>56,745.00</u>	<u>3,255.00</u>
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	185,547.00	(3,623.00)	181,924.00	180,785.23	1,138.77
Salaries of Other Professional Staff	4,100.00		4,100.00	1,175.23	2,924.77
Salaries of Secretarial and Clerical Assistants	4,250.00	393.00	4,643.00	4,642.28	0.72
Other Purchased Services (400-500 Series)	4,000.00		4,000.00	458.99	3,541.01
Other Objects	150.00		150.00		150.00
	<u>198,047.00</u>	<u>(3,230.00)</u>	<u>194,817.00</u>	<u>187,061.73</u>	<u>7,755.27</u>
Total Undistributed Expenditures - Improvement of Instruction Services					
	<u>198,047.00</u>	<u>(3,230.00)</u>	<u>194,817.00</u>	<u>187,061.73</u>	<u>7,755.27</u>
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional - Educational Services	2,500.00		2,500.00	300.00	2,200.00
Supplies and Materials	1,000.00		1,000.00		1,000.00
Other Objects	1,000.00		1,000.00		1,000.00
	<u>4,500.00</u>	<u>-</u>	<u>4,500.00</u>	<u>300.00</u>	<u>4,200.00</u>
Total Undistributed Expenditures - Instructional Staff Training Services					
	<u>4,500.00</u>	<u>-</u>	<u>4,500.00</u>	<u>300.00</u>	<u>4,200.00</u>

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 12,000.00		\$ 12,000.00	\$ 11,194.54	\$ 805.46
Legal Services	2,000.00	\$ 2,000.00	4,000.00	3,080.00	920.00
Audit Fees	5,000.00		5,000.00	3,080.00	1,920.00
Other Purchased Professional Services	3,000.00	3,000.00	6,000.00	4,264.01	1,735.99
Communications / Telephone	13,700.00		13,700.00	12,081.43	1,618.57
Miscellaneous Purchased Services (400-500)	8,000.00		8,000.00	7,558.88	441.12
Judgment against School District		1,500.00	1,500.00		1,500.00
Miscellaneous Expenditures	700.00	200.00	900.00	880.00	20.00
	<u>44,400.00</u>	<u>6,700.00</u>	<u>51,100.00</u>	<u>42,138.86</u>	<u>8,961.14</u>
Total Undistributed Expenditures - Support Services - General Administration					
Undistributed Expenditures - Central Services:					
Salaries	101,500.00	15,350.00	116,850.00	103,911.31	12,938.69
Miscellaneous Purchased Services (400-500 Series)	500.00		500.00	427.59	72.41
Supplies and Materials	5,000.00		5,000.00	3,835.76	1,164.24
Interest on Lease Purchase Agreements	44,000.00		44,000.00	43,276.20	723.80
Miscellaneous Expenditures	1,000.00	3,000.00	4,000.00	2,090.62	1,909.38
	<u>152,000.00</u>	<u>18,350.00</u>	<u>170,350.00</u>	<u>153,541.48</u>	<u>16,808.52</u>
Total Undistributed Expenditures - Central Services					
Undistributed Expenditures - Administration Information Technology:					
Salaries		39,000.00	39,000.00	37,375.05	1,624.95
Purchased Professional and Technical Services	9,000.00		9,000.00	7,400.89	1,599.11
Supplies and Materials		5,000.00	5,000.00	20.18	4,979.82
	<u>9,000.00</u>	<u>44,000.00</u>	<u>53,000.00</u>	<u>44,796.12</u>	<u>8,203.88</u>
Total Undistributed Expenditures - Administration Information Technology					

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Custodial Services:					
Cleaning, Repair, and Maintenance Services	\$ 2,000.00	\$ 5,000.00	\$ 7,000.00	\$ 3,547.10	\$ 3,452.90
Other Purchased Property Services	1,000.00		1,000.00	828.47	171.53
Insurance	2,700.00	2,000.00	4,700.00	3,893.17	806.83
General Supplies	3,000.00	(200.00)	2,800.00	151.02	2,648.98
Energy (Electricity)	6,000.00		6,000.00	5,011.11	988.89
Energy (Natural Gas)	2,000.00		2,000.00	1,736.91	263.09
Total Undistributed Expenditures - Custodial Services	16,700.00	6,800.00	23,500.00	15,167.78	8,332.22
Undistributed Expenditures - Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	3,000.00		3,000.00	855.00	2,145.00
Total Undistributed Expenditures - Care and Upkeep of Grounds	3,000.00	-	3,000.00	855.00	2,145.00
Total Undistributed Expenditures - Operation and Maintenance of Plant Services					
	19,700.00	6,800.00	26,500.00	16,022.78	10,477.22
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Regular		9,360.00	9,360.00	3,510.00	5,850.00
Salaries for Pupil Transportation (Between Home and School) - Special Education	111,000.00		111,000.00	110,003.00	997.00
Other Purchased Professional and Technical Services	5,500.00	(500.00)	5,000.00	5,000.00	
Contracted Services - (Between Home and School) - Vendors	11,000,000.00	1,420,640.00	12,420,640.00	11,740,140.44	680,499.56
Contracted Services - Aid in Lieu Payments - Nonpublic Schools	1,170,000.00	70,000.00	1,240,000.00	1,235,724.34	4,275.66
Miscellaneous Purchased Services - Transportation		2,000.00	2,000.00	1,717.89	282.11
Transportation Supplies		500.00	500.00	238.01	261.99
Total Undistributed Expenditures - Student Transportation Services	12,286,500.00	1,502,000.00	13,788,500.00	13,096,333.68	692,166.32

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	\$ 91,722.00	\$ (1,848.00)	\$ 89,874.00	\$ 74,602.34	\$ 15,271.66
Other Retirement Contributions - Regular	115,043.00	(26,700.00)	88,343.00	74,534.52	13,808.48
Unemployment Compensation	7,322.00	2,367.00	9,689.00	6,778.69	2,910.31
Workmen's Compensation	18,326.00	6,559.00	24,885.00	23,109.19	1,775.81
Health Benefits	468,811.00	(10,900.00)	457,911.00	368,962.58	88,948.42
	<u>701,224.00</u>	<u>(30,522.00)</u>	<u>670,702.00</u>	<u>547,987.32</u>	<u>122,714.68</u>
Total Unallocated Benefits - Employee Benefits					
On-behalf Contributions:					
Reimbursed T.P.A.F. Pension Contributions (non-budgeted)				273,030.00	(273,030.00)
Reimbursed T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				308,729.00	(308,729.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				266,830.42	(266,830.42)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>848,589.42</u>	<u>(848,589.42)</u>
Total On-behalf Contributions					
Total Personal Services - Employee Benefits					
	<u>701,224.00</u>	<u>(30,522.00)</u>	<u>670,702.00</u>	<u>547,987.32</u>	<u>122,714.68</u>
Total Undistributed Expenditures					
	<u>13,909,265.00</u>	<u>1,740,078.00</u>	<u>15,649,343.00</u>	<u>15,567,114.65</u>	<u>82,228.35</u>
Total General Current Expense					
	<u>15,150,619.00</u>	<u>1,901,924.00</u>	<u>17,052,543.00</u>	<u>16,809,764.19</u>	<u>242,778.81</u>
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
School Buses - Regular		47,167.00	47,167.00	40,877.00	6,290.00
	<u>-</u>	<u>47,167.00</u>	<u>47,167.00</u>	<u>40,877.00</u>	<u>6,290.00</u>
Total Equipment					
	<u>-</u>	<u>47,167.00</u>	<u>47,167.00</u>	<u>40,877.00</u>	<u>6,290.00</u>
Total Capital Outlay					
	<u>-</u>	<u>47,167.00</u>	<u>47,167.00</u>	<u>40,877.00</u>	<u>6,290.00</u>

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Expenditures	\$ 15,150,619.00	\$ 1,949,091.00	\$ 17,099,710.00	\$ 16,850,641.19	\$ 249,068.81
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	763,002.84	763,002.84
Other Financing Sources (Uses) and Adjustments: Transfers - Unemployment Fund	-	-	-	48,246.94	48,246.94
Total Other Financing Sources (Uses) and Adjustments	-	-	-	48,246.94	48,246.94
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	811,249.78	811,249.78
Fund Balances, July 1	-	-	-	3,665,190.55	3,665,190.55
Fund Balances, June 30	-	-	-	\$ 4,476,440.33	\$ 4,476,440.33
Recapitulation: Unassigned				\$ 4,476,440.33	

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Required Supplementary Information
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Revenue from Local Sources		\$ 3,316.00	\$ 3,316.00	\$ 3,316.00	
Total - Local Sources	-	3,316.00	3,316.00	3,316.00	-
Federal Sources:					
Title I, Part D	\$ 142,922.00	31,333.00	174,255.00	153,315.95	\$ (20,939.05)
Total - Federal Sources	142,922.00	31,333.00	174,255.00	153,315.95	(20,939.05)
Total Revenues	142,922.00	34,649.00	177,571.00	156,631.95	(20,939.05)
EXPENDITURES:					
Instruction:					
Salaries	90,576.00	31,918.72	122,494.72	108,189.43	14,305.29
Purchased Professional and Technical Services	4,250.00	(2,890.00)	1,360.00	1,360.00	
General Supplies	1,530.00	(703.00)	827.00	37.22	789.78
Total Instruction	96,356.00	28,325.72	124,681.72	109,586.65	15,095.07
Support Services:					
Salaries	19,210.00	(3,548.72)	15,661.28	15,661.28	
Personnel Services - Employee Benefits	20,210.00	6,239.70	26,449.70	21,059.04	5,390.66
Purchased Professional and Technical Services	4,596.00	(3,755.70)	840.30	836.00	4.30
Other Purchased Services (400-500 series)	2,550.00	(701.00)	1,849.00	1,399.98	449.02
Total Support Services	46,566.00	(1,765.72)	44,800.28	38,956.30	5,843.98
Facilities Acquisition and Construction Services:					
Instructional Equipment		5,009.00	5,009.00	5,009.00	
Non-Instructional Equipment		3,080.00	3,080.00	3,080.00	
Total Facilities Acquisition and Construction Services	-	8,089.00	8,089.00	8,089.00	-
Total Expenditures	142,922.00	34,649.00	177,571.00	156,631.95	20,939.05
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Required Supplementary Information
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2013

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	<u>\$ 17,613,644.03</u>	<u>\$ 156,631.95</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 17,613,644.03</u></u>	<u><u>\$ 156,631.95</u></u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule (C-series)	<u>\$ 16,850,641.19</u>	<u>\$ 156,631.95</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 16,850,641.19</u></u>	<u><u>\$ 156,631.95</u></u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2013

	<u>No Child Left Behind (N.C.L.B.)</u>		
	Title I, Part D, Prevention and Intervention Programs for Children	NJSBAIG Safety Grant	<u>Total</u>
REVENUES:			
Federal Sources	\$ 153,315.95		\$ 153,315.95
Local Sources		\$ 3,316.00	3,316.00
Total Revenues	<u>153,315.95</u>	<u>3,316.00</u>	<u>156,631.95</u>
EXPENDITURES:			
Instruction:			
Salaries	108,189.43		108,189.43
Purchased Professional and Technical Services	1,360.00		1,360.00
General Supplies	37.22		37.22
Total Instruction	<u>109,586.65</u>	<u>-</u>	<u>109,586.65</u>
Support Services:			
Salaries	15,661.28		15,661.28
Personnel Services - Employee Benefits	21,059.04		21,059.04
Purchased Professional and Technical Services	600.00	236.00	836.00
Other Purchased Services (400-500 series)	1,399.98		1,399.98
Total Support Services	<u>38,720.30</u>	<u>236.00</u>	<u>38,956.30</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment	5,009.00		5,009.00
Non-Instructional Equipment		3,080.00	3,080.00
Total Facilities Acquisition and Construction Services	<u>5,009.00</u>	<u>3,080.00</u>	<u>8,089.00</u>
Total Expenditures	<u>153,315.95</u>	<u>3,316.00</u>	<u>156,631.95</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>

PROPRIETARY FUNDS

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Proprietary Fund
 Business-Type Activities - Enterprise Fund
 Statement of Net Position
 June 30, 2013

	Nonpublic Auxiliary and Handicapped Services Fund
ASSETS:	
Current Assets:	
Intergovernmental Accounts Receivable:	
Other	\$ 1,061,306.69
Total Current Assets	<u>1,061,306.69</u>
Noncurrent Assets:	
Capital Assets:	
Land	233,520.00
Land Improvements	103,460.80
Buildings and Building Improvements	4,010,047.42
Machinery and Equipment	172,874.87
Vehicles	512,450.00
Less: Accumulated Depreciation	<u>(1,466,886.35)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>3,565,466.74</u>
Total Noncurrent Assets	<u>3,565,466.74</u>
Total Assets	<u>4,626,773.43</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	5,581.02
Interfund Accounts Payable:	
General Fund	884,363.24
Accrued Interest Payable	27,012.13
Compensated Absences Payable	19,530.75
Lease Purchase Agreement Payable	<u>114,169.24</u>
Total Current Liabilities	<u>1,050,656.38</u>
Noncurrent Liabilities:	
Compensated Absences Payable	93,998.67
Lease Purchase Agreement Payable	<u>1,272,555.80</u>
Total Noncurrent Liabilities	<u>1,366,554.47</u>
Total Liabilities	<u>2,417,210.85</u>
NET POSITION:	
Net Investment in Capital Assets	2,178,741.70
Unrestricted	<u>30,820.88</u>
Total Net Position	<u>\$ 2,209,562.58</u>

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Proprietary Fund
 Business-Type Activities - Enterprise Fund
 Statement of Revenues, Expenses and Change in Fund Net Position
 For the Fiscal Year Ended June 30, 2013

	<u>Nonpublic Auxiliary and Handicapped Services Fund</u>
OPERATING REVENUES:	
Charges for Services:	
Tuition and Fees	\$ 4,238,192.05
General:	
Miscellaneous	<u>9,253.00</u>
Total Operating Revenues	<u>4,247,445.05</u>
OPERATING EXPENSES:	
Personnel Services - Salaries	2,679,127.06
Personnel Services - Employee Benefits	518,102.41
Purchased Professional and Technical Services	504,410.10
Other Purchased Services	149,501.57
Supplies and Materials	56,204.48
Depreciation	219,861.14
Miscellaneous Expenditures	<u>6,168.21</u>
Total Operating Expenses	<u>4,133,374.97</u>
Operating Income (Loss)	<u>114,070.08</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Expense	(90,602.07)
Loss on Disposal of Capital Assets	<u>(24,785.15)</u>
Total Nonoperating Revenues (Expenses)	<u>(115,387.22)</u>
Income (Loss) before Transfers	(1,317.14)
TRANSFERS:	
Transfer In	<u>2,210,879.72</u>
Change in Net Position	2,209,562.58
Net Position, July 1	<u>-</u>
Net Position, June 30	<u><u>\$ 2,209,562.58</u></u>

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Proprietary Fund

Business-Type Activities - Enterprise Fund

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2013

	Nonpublic Auxiliary and Handicapped <u>Services Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers and Users	\$ 4,118,915.18
Payments to Suppliers	(800,296.04)
Payments to Employees	(2,718,281.59)
Payments for Employee Benefits	<u>(521,097.73)</u>
Net Cash Provided by (Used for) Operating Activities	<u>79,239.82</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from / (to) General Fund	<u>936,247.04</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>936,247.04</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	(4,554.00)
Principal Paid on Lease Purchase Debt	(109,514.85)
Interest Paid on Debt	<u>(63,589.94)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(177,658.79)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	837,828.07
Cash and Cash Equivalents, July 1	<u>(837,828.07)</u>
Cash and Cash Equivalents, June 30	<u><u>-</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 114,070.08
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	219,861.14
(Increase) Decrease in Intergovernmental Accounts Receivable	(119,276.87)
Increase (Decrease) in Accounts Payable	(98,596.73)
Increase (Decrease) in Compensated Absences Payable	<u>(36,817.80)</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 79,239.82</u></u>

FIDUCIARY FUNDS

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Fiduciary Funds
 Combining Statements of Fiduciary Net Position
 June 30, 2013

	<u>Private-Purpose Trust Funds</u>		<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefits Trust</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:				
Cash and Cash Equivalents		\$ 16,472.66	\$ 62,123.94	\$ 78,596.60
Intrafund Accounts Receivable:				
Payroll Agency	\$ 48,246.94			48,246.94
Total Assets	<u>48,246.94</u>	<u>16,472.66</u>	<u>\$ 62,123.94</u>	<u>126,843.54</u>
LIABILITIES:				
Intrafund Accounts Payable:				
Unemployment Compensation Trust			\$ 48,246.94	48,246.94
Interfund Accounts Payable:				
General Fund	48,246.94		979.63	49,226.57
Payroll Deductions and Withholdings			12,897.37	12,897.37
Total Liabilities	<u>48,246.94</u>	<u>-</u>	<u>\$ 62,123.94</u>	<u>110,370.88</u>
NET POSITION:				
Held in Trust for Other Purposes		16,472.66		16,472.66
Total Net Position	<u>-</u>	<u>\$ 16,472.66</u>		<u>\$ 16,472.66</u>

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Fiduciary Funds
 Payroll and Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS:				
Cash and Cash Equivalents	\$ 62,836.08	\$ 5,668,462.88	\$ 5,669,175.02	\$ 62,123.94
Total Assets	<u>\$ 62,836.08</u>	<u>\$ 5,668,462.88</u>	<u>\$ 5,669,175.02</u>	<u>\$ 62,123.94</u>
LIABILITIES:				
Intrafund Accounts Payable:				
Unemployment Compensation Trust		\$ 48,246.94		\$ 48,246.94
Interfund Accounts Payable:				
General Fund	\$ 49,423.75	99,402.63	\$ 147,846.75	979.63
Accrued Salaries and Wages		3,115,541.57	3,115,541.57	
Payroll Deductions and Withholdings	<u>13,412.33</u>	<u>2,405,271.74</u>	<u>2,405,786.70</u>	<u>12,897.37</u>
Total Liabilities	<u>\$ 62,836.08</u>	<u>\$ 5,668,462.88</u>	<u>\$ 5,669,175.02</u>	<u>\$ 62,123.94</u>
Cash Receipts		\$ 5,659,815.93		
Transfer from Unemployment Compensation Trust Fund		<u>8,646.95</u>		
		<u>\$ 5,668,462.88</u>		

LONG-TERM DEBT

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Schedule of Lease Purchase Agreement Payable
 For the Fiscal Year Ended June 30, 2013

<u>Description</u>	<u>Date of Lease</u>	Term of Lease (in Years)	<u>Amount of Original Issue</u>		Interest Rate Payable	Amount Outstanding June 30, 2012	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding June 30, 2013
			<u>Principal</u>	<u>Interest</u>					
Additions and renovations to administration building	7/26/06, 01/09/08	17	\$ 3,745,000.00	\$ 952,975.50	4.25%	\$ 1,870,299.87		\$ 136,893.57	\$ 1,733,406.30
						<u>\$ 1,870,299.87</u>	<u>-</u>	<u>\$ 136,893.57</u>	<u>\$ 1,733,406.30</u>

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

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CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2013

Federal Grantor / Pass-through <u>Grantor / Program Title</u>	<u>CFDA Number</u>	Grant or State Project <u>Number</u>	Program or Award <u>Amount</u>	<u>Grant Period</u> <u>From</u> <u>To</u>	
Special Revenue Fund:					
U.S. Department of Education:					
Passed-through State Department of Education:					
N.C.L.B.:					
Title I, Part D, Prevention and Intervention Programs for Children	84.010A	NCLB0178012	\$ 215,539.00	09/01/11	08/31/12
Title I, Part D, Prevention and Intervention Programs for Children	84.010A	NCLB0178013	136,402.00	09/01/12	08/31/13
Total Special Revenue Fund					
Total Federal Financial Assistance					

This schedule of expenditures of federal awards is included as other supplementary information only. A federal single audit in accordance with the U.S. Office of Management and Budget Circular A-133 was not required as total federal expenditures did not equal or exceed \$500,000.00.

<u>Balance</u> <u>June 30, 2012</u>	<u>Cash</u> <u>Received</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Repayment of</u> <u>Prior Years'</u> <u>Balances</u>	<u>Balance June 30, 2013</u>		
				<u>(Accounts</u> <u>Receivable)</u>	<u>Unearned</u> <u>Revenue</u>	<u>Due to</u> <u>Grantor</u>
\$ (67,630.54)	\$ 89,997.00	\$ (22,366.46)				
	<u>93,015.00</u>	<u>(130,949.49)</u>		<u>\$ (37,934.49)</u>		
<u>(67,630.54)</u>	<u>183,012.00</u>	<u>(153,315.95)</u>	<u>-</u>	<u>(37,934.49)</u>	<u>-</u>	<u>-</u>
<u>\$ (67,630.54)</u>	<u>\$ 183,012.00</u>	<u>\$ (153,315.95)</u>	<u>-</u>	<u>\$ (37,934.49)</u>	<u>-</u>	<u>-</u>

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2013

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2012	
			From	To	Unearned Revenue / (Accounts Receivable)	Due to Grantor
General Fund:						
New Jersey Department of Education:						
Current Expense:						
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	\$ 305,184.00	07/01/11	06/30/12	\$ (32,556.47)	
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	266,830.42	07/01/12	06/30/13		
Total General Fund					(32,556.47)	-
Total State Financial Assistance					\$ (32,556.47)	-

This schedule of expenditures of state financial assistance is included as other supplementary information only. A state single audit in accordance with the State of New Jersey Circular 04-04-OMB was not required as total state expenditures did not equal or exceed \$500,000.00.

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2013			(Memo Only)	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2013	Cumulative Total Expenditures
	\$ 32,556.47							
	253,287.10	\$ (266,830.42)		\$ (13,543.32)			\$ (13,543.32)	\$ (266,830.42)
-	285,843.57	(266,830.42)	-	(13,543.32)	-	-	(13,543.32)	(266,830.42)
-	\$ 285,843.57	\$ (266,830.42)	-	\$ (13,543.32)	-	-	\$ (13,543.32)	\$ (266,830.42)

STATISTICAL SECTION

Financial Trends Information

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Net Position by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:										
Net Investment in Capital Assets										
Restricted	\$ 389,722.38	\$ 2,603,278.00	\$ 2,785,438.00	\$ 2,703,789.00	\$ 2,090,627.00	\$ 1,622,010.00	\$ 422,362.00	\$ 474,544.00	\$ 422,985.00	\$ 317,779.00
Unrestricted	4,459,505.46	3,525,498.00	3,135,599.00	3,570,751.00	3,930,852.00	4,341,591.00	3,904,675.00	3,220,342.00	2,936,864.00	2,649,250.00
Total Governmental Activities Net Position	\$ 4,849,227.84	\$ 6,128,776.00	\$ 6,421,252.00	\$ 6,528,093.00	\$ 6,021,479.00	\$ 5,963,601.00	\$ 4,327,037.00	\$ 3,828,361.00	\$ 3,491,805.00	\$ 3,097,331.00
Business-Type Activities:										
Net Investment in Capital Assets										
Unrestricted	\$ 2,178,741.70			\$ 221.00						
Total Business-Type Activities Net Position	\$ 2,209,562.58	-	-	\$ 221.00	-	-	-	-	-	-
Government-Wide:										
Net Investment in Capital Assets										
Restricted	\$ 2,568,464.08	\$ 2,603,278.00	\$ 2,785,438.00	\$ 2,703,789.00	\$ 2,090,627.00	\$ 1,622,010.00	\$ 422,362.00	\$ 474,544.00	\$ 422,985.00	\$ 317,779.00
Unrestricted	4,490,326.34	3,525,498.00	3,135,599.00	3,570,972.00	3,930,852.00	4,341,591.00	3,904,675.00	3,220,342.00	2,936,864.00	2,649,250.00
Total Government-Wide Net Position	\$ 7,058,790.42	\$ 6,128,776.00	\$ 6,421,252.00	\$ 6,528,314.00	\$ 6,021,479.00	\$ 5,963,601.00	\$ 4,327,037.00	\$ 3,828,361.00	\$ 3,491,805.00	\$ 3,097,331.00

Source: Comprehensive Annual Financial Report Exhibit A-1.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 576,488.31	\$ 634,222.00	\$ 691,160.00	\$ 573,908.00	\$ 494,191.00	\$ 541,291.00	\$ 540,118.00	\$ 580,319.00	\$ 177,691.00	\$ 9,057.00
Special Education	540,410.57	2,924,007.00	3,181,824.00	3,935,100.00	3,625,756.00	3,867,869.00	3,599,588.00	3,744,447.00	3,703,636.00	927,425.00
Other Special Instruction	246,477.05									
Other Instruction		215,476.00	166,280.00	168,993.00	117,841.00	75,793.00			37,550.00	61,505.00
Nonpublic school programs										5,032,120.00
Support Services:										
Student and Instruction Related Services	855,566.01	2,320,104.00	2,042,536.00	2,629,061.00	2,237,534.00	1,426,280.00	2,011,971.00	2,128,570.00	2,910,319.00	189,944.00
Other Administrative Services	120,133.41									
School Administrative Services	108,746.29									
General and Business Administrative Services		625,758.00	497,354.00	162,420.00	154,695.00	239,261.00	92,836.00	102,605.00	33,003.00	
Plant Operations and Maintenance	28,295.06	13,523.00	6,298.00	63,439.00	39,214.00	21,307.00	17,910.00	12,209.00	53,030.00	52,509.00
Pupil Transportation	13,096,409.04	12,095,310.00	12,868,072.00	13,457,865.00	14,082,532.00	14,010,887.00	13,348,762.00	12,905,182.00	11,424,247.00	11,220,604.00
Business and Other Support Services				1,492,740.00	1,387,390.00					199,527.00
Unallocated Benefits	1,396,576.74	1,751,525.00	1,647,895.00	610,389.00	581,923.00	1,962,965.00	1,754,883.00	1,311,967.00	189,405.00	
Loss on Disposal of Capital Assets	493.69									
Interest on Long-term Debt	22,650.52			123,722.00	130,100.00		188,546.00			
Unallocated Depreciation and Amortization		79,836.00	3,610.00	28,537.00	62,169.00	120,982.00	43,970.00	24,196.00	34,616.00	39,133.00
Total Governmental Activities Expenses	16,992,246.69	20,659,761.00	21,105,029.00	23,246,174.00	22,913,345.00	22,266,635.00	21,598,584.00	20,809,495.00	18,563,497.00	17,731,824.00
Business-Type Activities:										
Nonpublic Auxiliary and Handicapped Services	4,248,762.19			3,954.00	3,357.00					
Total Business-Type Activities Expense	4,248,762.19	-	-	3,954.00	3,357.00	-	-	-	-	-
Total Government-Wide Expenses	\$ 21,241,008.88	\$ 20,659,761.00	\$ 21,105,029.00	\$ 23,250,128.00	\$ 22,916,702.00	\$ 22,266,635.00	\$ 21,598,584.00	\$ 20,809,495.00	\$ 18,563,497.00	\$ 17,731,824.00
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 16,589,062.73	\$ 14,391,114.00	\$ 14,448,155.00	\$ 15,247,367.00	\$ 14,447,642.00	\$ 14,295,150.00	\$ 13,523,176.00	\$ 13,191,015.00	\$ 11,819,994.00	\$ 11,302,777.00
Capital Grants and Contributions				421,121.00	154,107.00	973,089.00				
Operating Grants and Contributions	997,132.37	5,953,818.00	6,356,322.00	7,883,357.00	7,402,363.00	7,632,583.00	7,320,198.00	7,527,226.00	6,926,439.00	6,333,191.00
Capital Grants and Contributions	8,089.00									
Total Governmental Activities Program Revenues	17,594,284.10	20,344,932.00	20,804,477.00	23,551,845.00	22,004,112.00	22,900,822.00	20,843,374.00	20,718,241.00	18,746,433.00	17,635,968.00
Business-Type Activities:										
Charges for services:										
Nonpublic Auxiliary and Handicapped Services	4,238,192.05			2,133.00	1,363.00					
Operating Grants and Contributions				2,042.00	1,994.00					
Total Business-Type Activities Program Revenues	4,238,192.05	-	-	4,175.00	3,357.00	-	-	-	-	-
Total Government-Wide Program Revenues	\$ 21,832,476.15	\$ 20,344,932.00	\$ 20,804,477.00	\$ 23,556,020.00	\$ 22,007,469.00	\$ 22,900,822.00	\$ 20,843,374.00	\$ 20,718,241.00	\$ 18,746,433.00	\$ 17,635,968.00
Net (Expense) / Revenue:										
Governmental Activities										
Governmental Activities	\$ 602,037.41	\$ (314,829.00)	\$ (300,532.00)	\$ 305,671.00	\$ (909,253.00)	\$ 634,187.00	\$ (755,210.00)	\$ (91,254.00)	\$ 182,936.00	\$ (95,856.00)
Business-Type Activities	(10,570.14)			221.00						
Total Government-Wide Net Expense	\$ 591,467.27	\$ (314,829.00)	\$ (300,532.00)	\$ 305,892.00	\$ (909,253.00)	\$ 634,187.00	\$ (755,210.00)	\$ (91,254.00)	\$ 182,936.00	\$ (95,856.00)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Interest and Investment Earnings - Unrestricted	\$ 20,248.38	\$ 34,224.00	\$ 34,780.00	\$ 18,128.00	\$ 35,585.00	\$ 140,905.00	\$ 233,542.00	\$ 101,463.00	\$ 46,080.00	\$ 25,582.00
State Aid Restricted for Capital Projects							365,438.00			
Miscellaneous	260,799.51	79,555.00	201,550.00	226,775.00	949,760.00	879,908.00	703,419.00	366,264.00	187,578.00	193,357.00
Special Items:										
Gain (Loss) on Disposal of Capital Assets		(91,426.00)	(42,860.00)	(43,960.00)	(18,214.00)	(18,436.00)	(48,423.00)	(39,917.00)	(22,120.00)	(19,749.00)
Transfers	(2,162,632.78)									
Total Governmental Activities	(1,881,584.89)	22,353.00	193,470.00	200,943.00	967,131.00	1,002,377.00	1,253,976.00	427,810.00	211,538.00	199,190.00

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues and Other Changes in Net Position (Cont'd):										
Business-Type Activities:										
Miscellaneous	\$ 9,253.00									
Transfers	2,210,879.72									
Total Business-Type Activities	2,220,132.72	-	-	-	-	-	-	-	-	-
Total Government-Wide	<u>\$ 338,547.83</u>	<u>\$ 22,353.00</u>	<u>\$ 193,470.00</u>	<u>\$ 200,943.00</u>	<u>\$ 967,131.00</u>	<u>\$ 1,002,377.00</u>	<u>\$ 1,253,976.00</u>	<u>\$ 427,810.00</u>	<u>\$ 211,538.00</u>	<u>\$ 199,190.00</u>
Change in Net Position:										
Governmental Activities	\$ (1,279,547.48)	\$ (292,476.00)	\$ (107,062.00)	\$ 506,614.00	\$ 57,878.00	\$ 1,636,564.00	\$ 498,766.00	\$ 336,556.00	\$ 394,474.00	\$ 103,334.00
Business-Type Activities	2,209,562.58			221.00						
Total Government-Wide	<u>\$ 930,015.10</u>	<u>\$ (292,476.00)</u>	<u>\$ (107,062.00)</u>	<u>\$ 506,835.00</u>	<u>\$ 57,878.00</u>	<u>\$ 1,636,564.00</u>	<u>\$ 498,766.00</u>	<u>\$ 336,556.00</u>	<u>\$ 394,474.00</u>	<u>\$ 103,334.00</u>

Source: Comprehensive Annual Financial Report Exhibit A-2.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund:										
Assigned			\$ 500,215.00	\$ 253,553.00		\$ 29,377.00				
Unassigned	\$ 4,476,440.33	\$ 3,665,190.55	3,305,665.00	3,731,043.00	\$ 4,064,381.00	3,780,786.00	\$ 3,400,199.00	\$ 3,300,423.00	\$ 3,017,525.00	\$ 2,747,684.00
Total General Fund	<u>\$ 4,476,440.33</u>	<u>\$ 3,665,190.55</u>	<u>\$ 3,805,880.00</u>	<u>\$ 3,984,596.00</u>	<u>\$ 4,064,381.00</u>	<u>\$ 3,810,163.00</u>	<u>\$ 3,400,199.00</u>	<u>\$ 3,300,423.00</u>	<u>\$ 3,017,525.00</u>	<u>\$ 2,747,684.00</u>
All Other Governmental Funds:										
Restricted						\$ 660,977.00		\$ 133,475.00	\$ 131,956.00	\$ 130,302.00
Unassigned							\$ 610,969.00			
Total All Other Governmental Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 660,977.00</u>	<u>\$ 610,969.00</u>	<u>\$ 133,475.00</u>	<u>\$ 131,956.00</u>	<u>\$ 130,302.00</u>

Source: Comprehensive Annual Financial Report Exhibit B-1.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Tuition Charges	\$ 577,172.05	\$ 622,078.00	\$ 691,533.00	\$ 1,065,568.00	\$ 1,200,144.00	\$ 1,197,489.00	\$ 927,239.00	\$ 1,139,420.00	\$ 1,032,395.00	\$ 866,707.00
Transportation Fees from Other LEAs	13,632,988.21	12,337,473.00	13,135,955.00	13,775,967.00	14,447,642.00	14,295,150.00	13,523,176.00	13,191,015.00	11,819,994.00	11,302,777.00
Interest Earnings		34,224.00	34,780.00	18,128.00	35,585.00	140,905.00	233,542.00	101,463.00	46,080.00	25,582.00
Special Education Services		2,053,641.00	1,312,200.00	1,471,400.00						
Unrestricted Miscellaneous Revenues	2,554,894.35	79,555.00	201,771.00	226,775.00	949,760.00	879,908.00	703,419.00	366,264.00	187,578.00	193,357.00
Federal Sources	153,315.95	233,311.00	208,690.00	228,004.00	159,874.00	117,480.00	117,549.00	108,707.00	88,536.00	125,018.00
State Sources	848,589.42	5,200,971.00	5,456,099.00	6,658,209.00	6,247,430.00	6,883,981.00	7,119,738.00	6,279,099.00	5,820,812.00	5,341,466.00
Local Sources	3,316.00									
Total Revenue	17,770,275.98	20,561,253.00	21,041,028.00	23,444,051.00	23,040,435.00	23,514,913.00	22,624,663.00	21,185,968.00	18,995,395.00	17,854,907.00
Expenditures:										
Current:										
Instruction:										
Regular Instruction	560,068.59	530,461.00	691,160.00	573,908.00	494,191.00	541,291.00	540,118.00	580,319.00	177,691.00	9,057.00
Special Education Instruction	545,690.55	3,084,745.00	3,343,367.00	3,798,566.00	3,556,141.00	3,661,184.00	3,546,402.00	3,713,641.00	3,489,597.00	709,252.00
Other Special Instruction	246,477.05									
Other Instruction		215,476.00	166,260.00	168,993.00	117,841.00	75,793.00			31,055.00	49,154.00
Nonpublic School Programs										5,090,120.00
Support Services and Undistributed Costs:										
Student and Instruction Related Services	856,661.29	2,320,104.00	2,042,536.00	2,472,623.00	2,087,474.00	1,426,280.00	2,011,971.00	2,192,570.00	2,884,973.00	163,848.00
Other Administrative Services	86,934.98									
School Administrative Services	153,541.48	561,748.00	431,950.00	162,420.00	141,147.00	202,113.00	84,209.00	96,443.00	3,173.00	166,027.00
Plant Operations and Maintenance	16,022.78	13,523.00	23,424.00	56,973.00	39,214.00	21,307.00	17,910.00	12,209.00	53,030.00	52,509.00
Pupil Transportation	13,096,333.68	12,094,367.00	12,868,072.00	13,358,255.00	14,000,198.00	13,981,168.00	13,341,860.00	12,900,557.00	11,579,724.00	11,185,629.00
Unallocated Benefits	1,396,576.74	1,751,525.00	1,647,895.00	2,103,129.00	1,969,313.00	1,962,965.00	1,754,883.00	1,316,724.00	487,203.00	257,269.00
Capital Outlay	48,966.00	129,993.00	5,080.00	548,809.00	761,515.00	731,340.00	2,959,169.00	89,088.00	17,454.00	2,919.00
Debt Service:										
Principal				156,438.00	150,060.00	451,500.00	1,347,325.00			
Interest and Other Charges				123,722.00	130,100.00		188,546.00			
Total Expenditures	17,007,273.14	20,701,942.00	21,219,744.00	23,523,836.00	23,447,194.00	23,054,941.00	25,792,393.00	20,901,551.00	18,723,900.00	17,685,784.00
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	763,002.84	(140,689.00)	(178,716.00)	(79,785.00)	(406,759.00)	459,972.00	(3,167,730.00)	284,417.00	271,495.00	169,123.00
Other Financing Sources (Uses):										
Lease Purchase							3,745,000.00			
Transfers In	48,246.94									
Total Other Financing Sources (Uses)	48,246.94	-	-	-	-	-	3,745,000.00	-	-	-
Net Change in Fund Balances	\$ 811,249.78	\$ (140,689.00)	\$ (178,716.00)	\$ (79,785.00)	\$ (406,759.00)	\$ 459,972.00	\$ 577,270.00	\$ 284,417.00	\$ 271,495.00	\$ 169,123.00
Debt Service as a Percentage of										
Noncapital Expenditures	-	-	-	1.2%	1.2%	2.0%	6.3%	-	-	-

Source: Comprehensive Annual Financial Report Exhibit B-2.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 General Fund - Unrestricted Miscellaneous Revenues by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Interest on Investments	\$ 20,248.38	\$ 34,224.00	\$ 34,780.00	\$ 18,128.00	\$ 35,585.00	\$ 140,905.00	\$ 233,542.00	\$ 101,463.00	\$ 46,080.00	\$ 25,582.00
Miscellaneous	10,947.96	76,004.00	201,771.00	6,250.00	3,963.00	52,761.00	194.00		1,739.00	
Sale of Booklets								59,407.00	53,962.00	46,477.00
Educational Services	1,606,791.82	2,053,641.00	1,312,200.00	1,691,925.00	945,797.00	846,700.00	703,225.00			
Home Instruction Services	77,557.08									
Child Study Team Evaluations	94,266.25									
Business Services	15,402.38									
Nursing Services	114,167.25									
Related Services	419,074.23									
Technology Coordinator	45,412.46									
Cooperative Purchasing Agreement	6,231.00									
Administrative Fee									44,401.00	34,571.00
Contributions								250.00		
Refund of Prior Year's Expenditures	144,795.54									
Tuition		622,078.00	691,533.00	1,065,568.00	1,200,144.00	1,197,489.00	927,239.00	1,446,027.00	1,119,871.00	978,687.00
	<u>\$ 2,554,894.35</u>	<u>\$ 2,785,947.00</u>	<u>\$ 2,240,284.00</u>	<u>\$ 2,781,871.00</u>	<u>\$ 2,185,489.00</u>	<u>\$ 2,237,855.00</u>	<u>\$ 1,864,200.00</u>	<u>\$ 1,607,147.00</u>	<u>\$ 1,266,053.00</u>	<u>\$ 1,085,317.00</u>

Source: Commission records.

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the Commission's ability to generate revenues. Please refer to the following exhibit for a historical view of these factors and how they relate to the Commission's ability to generate revenues.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Schedule of Charges for Services by Source
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:										
Tuition Charges ⁽¹⁾	\$ 577,172.05									
Transportation Fees from Other LEAs	13,632,988.21	\$ 12,337,473.00	\$ 13,135,955.00	\$ 13,775,967.00	\$ 14,447,642.00	\$ 14,295,150.00	\$ 13,523,176.00	\$ 13,191,015.00	\$ 11,819,994.00	\$ 11,302,777.00
Educational Services	1,606,791.82									
Home Instruction Services	77,557.08									
Child Study Team Evaluations	94,266.25									
Business Services	15,402.38									
Nursing Services	114,167.25									
Related Services	419,074.23									
Technology Coordinator	45,412.46									
Cooperative Purchasing Agreement	6,231.00									
Other ⁽²⁾		2,053,641.00	1,312,200.00	1,471,400.00						
Total Governmental Activities	16,589,062.73	14,391,114.00	14,448,155.00	15,247,367.00	14,447,642.00	14,295,150.00	13,523,176.00	13,191,015.00	11,819,994.00	11,302,777.00
Business-Type Activities:										
Nonpublic Auxiliary and Handicapped Services ⁽³⁾	4,238,192.05									
Other				2,133.00	1,363.00					
Total Business-Type Activities	4,238,192.05	-	-	2,133.00	1,363.00	-	-	-	-	-
Total Government-Wide Charges for Services	\$ 20,827,254.78	\$ 14,391,114.00	\$ 14,448,155.00	\$ 15,249,500.00	\$ 14,449,005.00	\$ 14,295,150.00	\$ 13,523,176.00	\$ 13,191,015.00	\$ 11,819,994.00	\$ 11,302,777.00

Source: Commission records.

⁽¹⁾ Beginning with fiscal year 2013, tuition charges have been classified as charges for services.

⁽²⁾ Beginning with fiscal year 2013, the other charges have been detailed by source.

⁽³⁾ Beginning with fiscal year 2013, the charges for the nonpublic auxiliary and handicapped services have been recorded in the business-type activities.

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the Commission's debt burden and its ability to issue additional debt. Please refer to the following exhibit for a historical view of the Commission's outstanding debt and its debt capacity.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>Lease Purchase Agreement Payable</u>		<u>Total Commission</u>	Percentage of Personal <u>Income</u> ⁽²⁾	<u>Per Capita</u> ⁽³⁾
	<u>Governmental Activities</u> ⁽¹⁾	<u>Business-Type Activities</u> ⁽¹⁾			
2013	\$ 346,681.26	\$ 1,272,555.80	\$ 1,619,237.06	*	*
2012	374,059.98	1,496,239.89	1,870,299.87	*	\$ 3.64
2011	1,998,555.00		1,998,555.00	0.01%	3.89
2010	2,279,685.00		2,279,685.00	0.01%	4.44
2009	2,911,114.00		2,911,114.00	0.01%	5.62
2008	3,061,174.00		3,061,174.00	0.01%	5.91
2007	3,512,674.00		3,512,674.00	0.02%	6.79
2006	1,115,000.00		1,115,000.00	0.01%	2.16
2005	1,179,000.00		1,179,000.00	0.01%	2.29
2004	1,240,000.00		1,240,000.00	0.01%	2.42

Sources:

⁽¹⁾ *Commission records.*

⁽²⁾ *Personal income has been estimated based upon the municipal population and per capita.*

⁽³⁾ *Per Capita calculation based upon population information provided by the New Jersey Department of Labor and Workforce Development.*

** information not available.*

Demographic and Economic Information

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>Population</u> ⁽¹⁾	<u>Personal Income</u> ⁽²⁾	<u>Per Capita Personal Income</u> ⁽³⁾	<u>Unemployment Rate</u> ⁽⁴⁾
2012	513,539	*	*	17.3%
2011	513,241	\$ 22,120,173,859.00	\$ 43,099.00	17.1%
2010	513,601	21,941,034,720.00	42,720.00	17.4%
2009	517,879	21,443,297,874.00	41,406.00	16.6%
2008	517,739	21,740,896,088.00	41,992.00	10.9%
2007	517,559	20,836,925,340.00	40,260.00	8.3%
2006	516,547	19,975,389,037.00	38,671.00	9.1%
2005	514,960	18,692,533,040.00	36,299.00	8.0%
2004	512,710	17,921,778,050.00	34,955.00	5.7%
2003	510,584	17,243,442,848.00	33,772.00	6.4%

Sources:

⁽¹⁾ *Annual Estimates of the Resident Population for Municipalities in New Jersey, by County: July 1, 2003 to July 1, 2012.*

⁽²⁾ *Personal income has been estimated based upon the municipal population and per capita personal income.*

⁽³⁾ *Regional Economic Information System, Bureau of Economic Analysis, November 2012.*

⁽⁴⁾ *New Jersey Department of Labor and Workforce Development Labor Planning and Analysis Local Area Unemployment Statistics - March 30, 2012.*

* *information not available.*

Operating Information

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Full-Time Equivalent Commission Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

<u>Function / Program</u>	Fiscal Year Ended June 30,									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Instruction:										
Other Instruction	14	17	15	17	12	13	9	10	5	8
Nonpublic school programs	67	81	77	82	87	86	98	81	68	65
Support Services:										
Student and Instruction Related Services	27	15	31	32	25	26	20	11	4	5
School Administrative Services	5	5	5	6	6	6	5	5	3	3
General and Business Administrative Services	1	1	1	1	1	1	1	1	1	1
Plant Operations and Maintenance		1	1	1	1	1	1	1	1	1
Pupil Transportation	1	1	1	1	1	1	1	1	1	1
Business and Other Support Services	<u>7</u>	<u>10</u>	<u>9</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>8</u>	<u>9</u>	<u>9</u>	<u>9</u>
Total	<u>122</u>	<u>131</u>	<u>140</u>	<u>150</u>	<u>142</u>	<u>143</u>	<u>143</u>	<u>119</u>	<u>92</u>	<u>93</u>

Source: Commission records.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Enrollment</u>	<u>Operating Expenditures *</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (Certified)</u>	<u>Pupil / Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2013	5,613	\$ 21,091,682.11	\$ 3,757.65	-5.77%	78	**	**	**	**	**
2012	5,159	20,571,949.00	3,987.58	8.64%	81	**	**	**	**	**
2011	5,780	21,214,664.00	3,670.36	-9.06%	92	**	**	**	**	**
2010	5,623	22,694,867.00	4,036.08	-16.34%	99	**	**	**	**	**
2009	4,644	22,405,519.00	4,824.62	20.61%	99	**	**	**	**	**
2008	5,468	21,872,101.00	4,000.02	7.56%	99	**	**	**	**	**
2007	5,727	21,297,353.00	3,718.76	3.26%	107	**	**	**	**	**
2006	5,779	20,812,463.00	3,601.40	9.49%	91	**	**	**	**	**
2005	5,687	18,706,446.00	3,289.33	3.72%	73	**	**	**	**	**
2004	5,576	17,682,865.00	3,171.25	-0.99%	73	**	**	**	**	**

Sources: Commission records.

* operating expenditures equal total expenditures less capital outlay, transfer to charter school, and debt service.

** information not available.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Other:										
Central Administration (1997)										
Square Feet	16,788	16,788	16,788	16,788	16,788	16,788	16,788	8,337	8,337	8,337
Functional Capacity (students)	-	-	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
Number of Schools at June 30, 2013										
Elementary = 0										
Middle School = 0										
Senior High School = 0										
Other = 1										

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October Commission count. Function Capacity is based on the F.E.S. Formula utilizing New Jersey Department of Education guidelines.

Source: Commission records.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Insurance Schedule

June 30, 2013

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Insurance Package Policy ⁽¹⁾		
Building and Contents (All Locations):		
Property Valuation	\$ 6,149,593.00	\$ 1,000.00
Environmental Package	1,000,000.00	10,000.00
Extra Expense	50,000,000.00	1,000.00
Valuable Papers	10,000,000.00	1,000.00
Electronic Data Processing	285,000.00	1,000.00
Equipment Breakdown	100,000,000.00	1,000.00
General Liability	11,000,000.00	
Automobile Liability	11,000,000.00	
Crime:		
Faithful Performance	25,000.00	500.00
Forgery and Alteration	25,000.00	500.00
Money and Securities	5,000.00	500.00
Money Orders / Counterfeit	5,000.00	500.00
Errors and Omissions ⁽¹⁾	6,000,000.00	5,000.00
Excess Errors and Omissions ⁽¹⁾	100,000.00/300,000.00	5,000.00
Surety Bonds ⁽¹⁾		
Board Secretary	250,000.00	1,000.00

⁽¹⁾ New Jersey School Boards Associates Insurance Group

Source: Commission records.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2013

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

None.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

A federal single audit was not required for the fiscal year ended June 30, 2012.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

