

Comprehensive Annual Financial Report

of the

**Cape May County Schools
For Special Services
Board of Education**
(A Component Unit of the County of Cape May)

Cape May County, New Jersey

For the Fiscal Year Ended June 30, 2013

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Introductory Section

BARBARA J. MAKOSKI
Superintendent
Ext. 2200

JUDITH S. LINCOLN
Related Services Supervisor
Ext. 4400

TRACEY A. STAAB
Principal, Cape Educational
COMPACT

**CAPE MAY COUNTY
SPECIAL SERVICES SCHOOL
DISTRICT**

4 Moore Road, DN 704
Cape May Court House, New Jersey 08210
(609) 465-2720 • Fax (609) 465-8220

Kathleen M. Allen
School Business Administrator/
Board Secretary
Ext. 2211

ANNAMARIE HAAS
Principal, Cape May County High School
Acting Principal, Ocean Academy
Ext. 8800



September 6, 2013

Honorable President and
Members of the Board of Education
Cape May County Special Services School
Cape May Court House, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Cape May County Special Services School 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 Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the basic financial statements, schedules and the Management Discussion and Analysis as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Board of Education of the Cape May County Special Services School is an independent reporting entity within the criteria adopted by the GASB Statement No. 14 as established by NCGA Statement No. 3. All funds of the District are included in this report. The Cape May County Special Services Board of Education and all its schools constitute the District's reporting entity.

The District provides Preschool Disabled, Behavior Disabilities, Multiple Disabilities, Cognitive Severe and Autism programs and related services for the low incident and/or moderately and severely disabled youth of Cape May County. Additionally, students are received from many surrounding counties in Southern New Jersey.

The "Over 21 Program" for severely disabled adult clients 21-35 year-old clients is completing its ninth year and has a maximum capacity of 12 clients. Cape Educational COMPACT is housed off campus and provides the educational program for approximately 57 students.

Average Daily Enrollment for the last five years by school and program is:

<u>School/Program</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Ocean Academy	124.8	123.5	120.9	126.4	121.1
GEB Middle School	-	-	-		
Alternative High School	125.4	127.6	108.6	109.0	97.1
Cape Ed. COMPACT	66.8	25.0	55.2	57.1	56.7
Preschool Disabled 1/2 Day	6.1	-	-		
Preschool Disabled Full Day	6.2	9.5	6.6	14.3	16.0
Auditorily Impaired	-	-	-		
Multiple Disabilities	156.9	157.9	134.8	127.3	126.6
Cognitive Severe	19.0	17.4	14.2	14.7	9.9
Autism	31.1	41.3	32.0	41.3	38.1
Behavior Disabilities	30.9	25.0	30.5	37.8	27.6

2. ECONOMIC CONDITION AND OUTLOOK: The 2012-13 school year ended with enrollment under the budget level and tuition revenue in deficit of the budgeted amount. Management was responsive to this and made corresponding budgetary reductions in staffing (through attrition) and other line items. Tuition adjustments for the 2010-2011 school year were completed resulting in a net refund to our district of approximately \$80,000. We continue to closely monitor enrollment in light of the overall decline in year-round population in the County as well as the effects of the "least restrictive environment" mandate. We remain steadfast in our philosophy that we offer the optimum environment for a segment of the disabled youth of our County in a cost-effective manner.

3. MAJOR INITIATIVES: Our district continues to provide staff and students with updated technology-both hardware and software. This is an ongoing initiative requiring evaluation of obsolete equipment and purchase of new equipment conducive to the needs of the district. Looking forward to PARRC testing in 14-15, Chromebooks have been purchased for designated classrooms to use in instruction and ultimately for the PARRC assessment. The Unique Learning System, software designed to provide differentiated instruction around thematic units aligned to the standards, which was piloted last year, has been expanded to more classrooms. In the coming year the district will continue the pursuit of additional students to expand our Community Based Instruction Program for students who are 19-21 years old.

Due to the nature of our students' varied disabilities, it is essential that staff members remain up to date on current issues and methodologies in education, therefore, the district continues to place strong emphasis on staff development for the purpose of increased student achievement. For the 2013-14 school year the district will continue to focus on the requirements for the state mandated teacher and principal evaluation systems.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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.

The District is 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 District's Management.

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance as of June 30, 2013.

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

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

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

9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates L.L.C., CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as revised and the related OMB Circular A-133 and state Treasury OMB Circular Letter 04-04. 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. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGMENTS:

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

Respectfully submitted,

Barbara J. Makoski
Superintendent

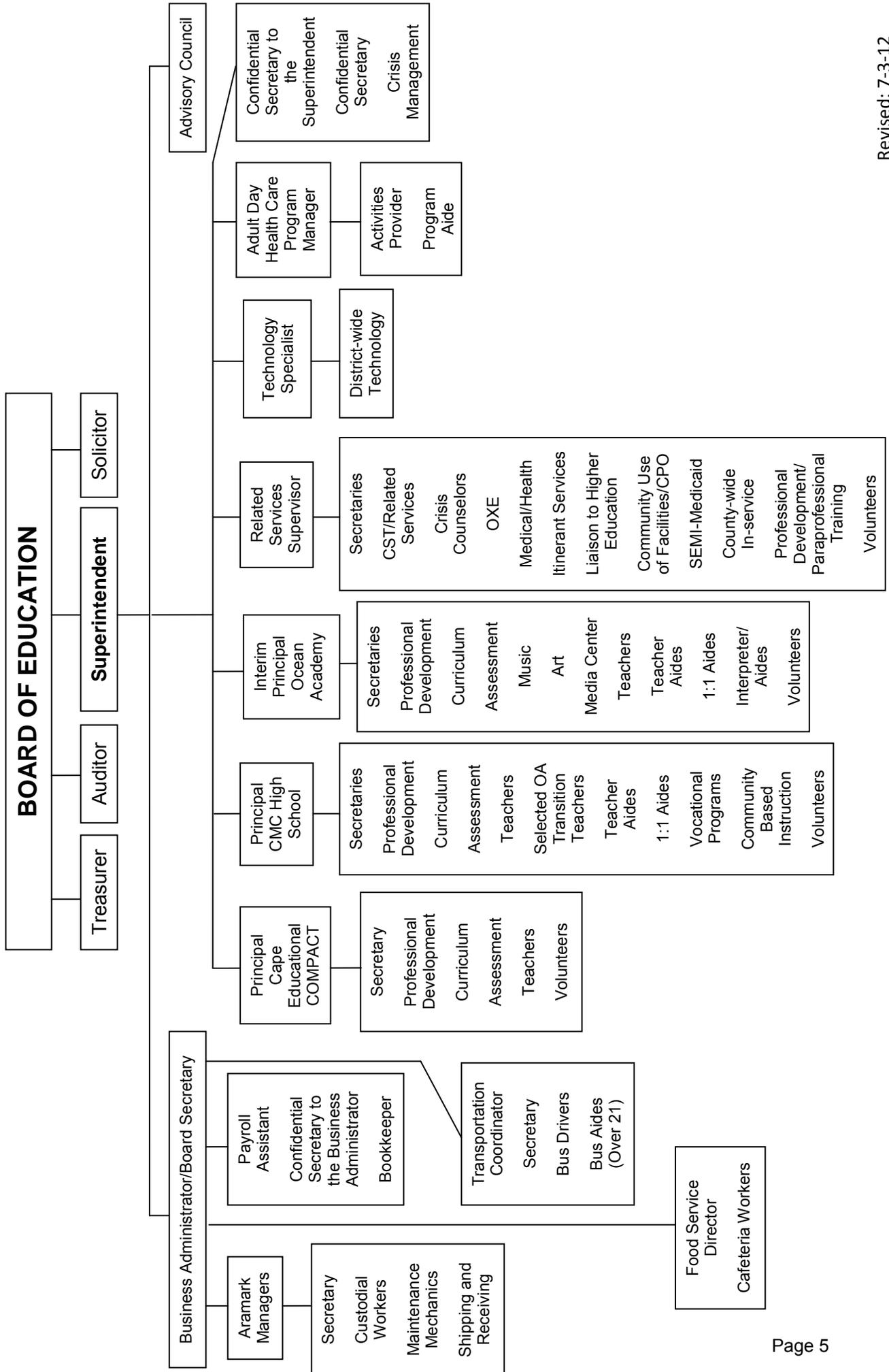
Kathleen M. Allen
School Business Administrator/Board
Secretary

Jeanne Conway
Bookkeeper/Secretary

Gail Johns
Payroll Assistant

Arlene Rambo
Bookkeeper

Cape May County Schools for Special Services 2012 – 2013 Organizational Chart



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
BOARD OF EDUCATION
(A Component Unit of the County of Cape May)
CAPE MAY COUNTY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2013**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lenora B. Kodytek, President	2015
Michael T. Palombo, Sr., Vice President	2014
Thomas C. Whittington	2013
Nancy Delp	2013
Kenneth R. Merson	2015
Jane Elwell	2014
Richard Stepura, Ed.D	Ex-officio – with Vote

Other Officials

- Barbara J. Makoski, Superintendent
- Kathleen M. Allen, School Business Administrator/Board Secretary
- Lewis J. Mawson, Treasurer
- Michael P. Stanton, Esq., Solicitor

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
BOARD OF EDUCATION
(A Component Unit of the County of Cape May)
CONSULTANTS AND ADVISORS**

Audit Firm

Ford, Scott & Associates, L.L.C.
Certified Public Accountants
1535 Haven Avenue
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Ocean City, NJ 08226-0538

Attorney

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Official Depository

Cape Bank
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Cape May Court House, NJ 08210

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Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Cape May County Schools for Special Services
(a component unit of the County of Cape May)
County of Cape May
Cape May Court House, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cape May County Schools for Special Services (a component unit of the County of Cape May), State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

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 Cape May County Schools for Special Services (a component unit of the County of Cape May), in the County of Cape May, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cape May County Schools for Special Services' (a component unit of the County of Cape May) basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2013 on our consideration of the Cape May County Schools for Special Services' (a component unit of the County of Cape May) 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 Cape May County Schools for Special Services' (a component unit of the County of Cape May) internal control over financial reporting and compliance.

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

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Licensed Public School Accountant
No. 853

September 6, 2013

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REQUIRED SUPPLEMENTARY INFORMATION – PART I

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

The discussion and analysis of Cape May County Schools for Special Services' financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- In total, net position increased by \$364,390, which represents a 7% percent increase from 2012.
- General revenues accounted for \$4,026,066 in revenue or 21 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$15,326,253 or 79 percent of total revenues of \$19,352,319.
- Total assets of governmental activities increased by \$140,958 as cash and cash equivalents increased by \$67,296, receivables increased by \$54,282, and capital assets increased by \$19,379.
- The School District had \$18,987,929 in expenses; \$15,326,253 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily the county appropriation) of \$4,026,066 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$12,999,019 in revenues and other financing sources and \$12,904,006 in expenditures and other financing uses. The General Fund's fund balance increased \$95,013 over 2012. This small increase was anticipated for 2012-13.

Using this Comprehensive Annual Financial Report (CAFR)

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the Cape May County Schools for Special Services, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District, as a whole looks at all financial transactions and ask the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities answer this question.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Reporting the School District as a Whole - Continued

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School district have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the County's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors. .

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

- Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transaction. The School District's governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

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

Enterprise Fund

The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found in this report as shown in the table of contents.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net assets for 2013 and 2012.

**Table 1
Net Position**

	2013	2012
Assets		
Current and Other Assets	\$ 4,170,724	\$ 3,795,734
Capital Assets	1,687,374	1,664,658
Total Assets	5,858,098	5,460,392
Liabilities		
Long-Term Liabilities	476,266	485,225
Other Liabilities	90,937	48,661
Total Liabilities	567,203	533,886
Net Position		
Invested in Capital Assets, Net of Debt	1,687,374	1,664,658
Restricted	143,783	166,589
Unrestricted	3,459,738	3,095,258
Total Net Postion	\$ 5,290,895	\$ 4,926,505

The District's combined net position was \$5,290,895 on June 30, 2013. This was an increase of 7 percent from the prior year. Table 2 shows changes in net position for fiscal year 2013.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

The School District as a Whole - Continued

**Table 2
Changes in Net Position**

	2013	2012
Revenues		
Program Revenues:		
Charges for Services	\$ 13,541,127	\$ 11,827,168
Operating Grants and Contributions	1,785,126	1,619,354
General Revenues:		
County Appropriation	3,974,832	3,974,832
Other	51,234	628,517
Total Revenues	19,352,319	18,049,871
Program Expenses		
Instruction	7,158,188	7,064,722
Support Services:		
Pupils and Instructional Staff	2,472,502	2,344,928
General Administration, School Administration, Business Operations and Maintenance of Facilities	3,369,353	3,319,767
Food Service	254,556	248,600
Shared Services	4,146,137	4,252,281
Other Enterprise Funds	1,587,193	388,873
Other		25,895
Total Expenses	18,987,929	17,645,066
Change in Net Position	\$ 364,390	\$ 404,805

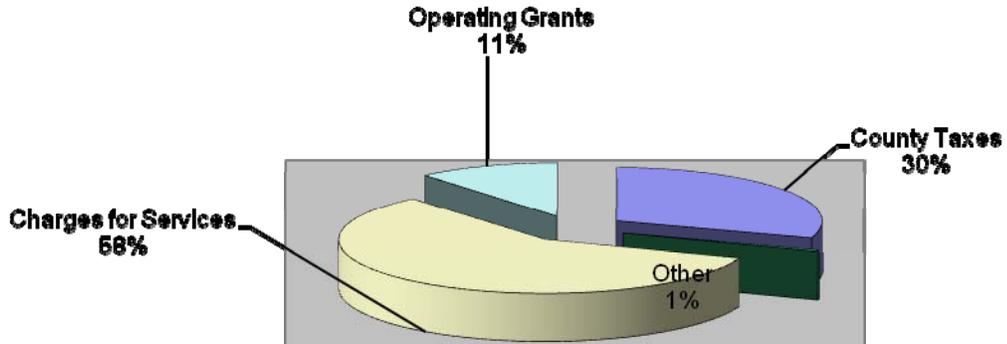
Governmental Activities

Charges for services (mostly tuition from sending districts) made up 58 percent of revenues for governmental activities for the Cape May County Schools for Special Services for fiscal year 2013 and 55 percent of revenues for fiscal 2012. Tuition from sending districts and nonresident fees increased by \$400,208, which is a 5% increase from the prior year. The District's total revenues were \$13,159,092 for the year ended June 30, 2013. County taxes accounted for another 30 percent of revenue.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)

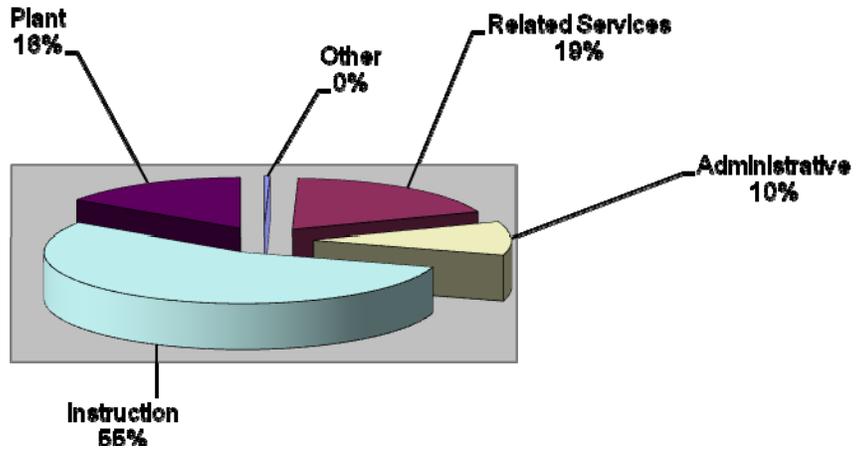
Governmental Activities - Continued

Sources of Revenue for Fiscal Year 2013



The total cost of all program and services was \$13,060,933. Instruction comprises 55 percent of District expenses and Related Services another 19%.

Cost of Programs and Services for Fiscal Year 2013



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Business-Type Activities

Revenues for the District's business-type activities (food service program, two shared services programs and other enterprise funds) were comprised of charges for the various services and federal and state reimbursements.

- Food service expenses exceeded revenues, both operating and non-operating by \$70,996 prior to a contribution from the general fund of \$60,890.
- Charges for services in the food service fund represent \$61,915 of total revenue. This represents amounts paid by patrons for daily food service and amount received from catering and special functions.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$121,401.
- Shared Services revenues for Itinerant Services exceeded expenses by \$118. Shared Services revenues for Transportation Services exceeded expenses by \$139,637.
- Charges for services in the Shared Service Fund for Itinerant Services represent \$2,304,199 of revenue. This represents amounts paid by users for itinerant services of other local school districts. Charges for services in the Shared Service Fund for Transportation Services represent \$1,981,693 of revenue. This represents amounts paid by users for transportation services provided by the district.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the County taxpayers and sending districts by each of these functions.

**Table 3
Costs of Services**

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Instruction	\$ 7,158,188	\$ 1,407,282	\$ 7,064,723	\$ 2,085,174
Support Services:				
Pupils and Instructional Staff	2,472,502	523,554	2,344,928	727,449
General Administration, School				
Administration, Business				
Operations	1,342,139	410,458	1,334,825	436,671
Operation and Maintenance				
of Facilities	2,027,214	1,530,646	1,984,942	843,671
Other	-	-	25,895	25,895
Total Expenses	\$ 13,000,043	\$ 3,871,940	\$ 12,755,313	\$ 4,118,860

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Governmental Activities - Continued

Table 3 – Costs of Services - Continued

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

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

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

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

"Other" includes unallocated depreciation.

The School District's Funds

All governmental funds (i.e., general fund, special revenue and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and other financing sources amounted to \$13,127,763 and expenditures and other financing uses were \$13,057,821. The net positive change in fund balance for the year was anticipated.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2013, and the amount and percentage of increases and decreases in relation to prior year revenues.

**Table 4
Summary of Revenues – Governmental Funds**

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2012</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	\$ 11,693,925	89%	\$ 367,091	3%
State Sources	1,319,983	10%	(36,918)	-3%
Federal Sources	<u>88,784</u>	<u>1%</u>	<u>(30,666)</u>	<u>-26%</u>
Total	<u>\$ 13,102,692</u>	<u>100%</u>	<u>\$ 299,507</u>	<u>-26%</u>

The increase in local revenues of \$367,091 is due to increased tuition and nonresident fees of \$400,208 and a decrease in miscellaneous revenues of \$33,117.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

The School District's Funds - Continued

Table 4 – Summary of Revenues Governmental Funds - Continued

State aid decreased by \$36,918; \$219,349 is due to an increase in on-behalf and reimbursed TPAF costs and \$253,918 is due to the state's share of the roof project being realized in 2012 that did not recur in 2013.

Federal aid decreased by \$30,666 is primarily due to less medical assistance in the general fund.

The following schedule represents a summary of general fund, special revenue fund and capital projects fund expenditures for the fiscal year ended June 30, 2013, and the percentage of increases and decreases in relation to prior year amounts.

**Table 5
Summary of Expenditures – Governmental Funds**

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2012</u>	<u>Percent of Increase (Decrease)</u>
Current Expense:				
Instruction	\$ 4,789,815	37%	\$ (122,708)	-2%
Undistributed Expenditures	8,116,705	63%	323,858	4%
Capital Outlay	65,340	1%	(578,080)	-115%
Other		0%	(32,715)	-4%
Total	<u>\$ 12,971,860</u>	<u>100%</u>	<u>\$ (409,645)</u>	<u>-3%</u>

The largest decrease in spending is in capital outlay which represents the District's roof project in 2012 that did not recur in 2013.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

General Fund Budgeting Highlights - Continued

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- Actual tuition revenue was less than the budgeted amount by \$464,683.
- Miscellaneous revenue exceeded the budgeted amount by \$8,827.
- Non-resident fees were less than the budgeted amount by \$11,000.
- TPAF, which is the state's contribution to the pension fund and a reimbursement for FICA, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements. The State of New Jersey did make a pension contribution in FY 13 for TPAF.
- Reductions were made to salaries budgeted for the child study team of \$78,990. These funds were used in other areas of the District's budget.
- Transfers of \$30,000 were made to salaries for Speech, OT, PT and Related Services.
- Reductions were made to budgeted electric service of \$56,100. These funds were used in other areas of the District's budget.
- The District provided a contribution to the food service fund for the 2012 deficit in operations. This resulted in a contribution (from the General Fund) of \$60,890.

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**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Capital Assets

At the end of the fiscal year 2013, the School District had \$1,687,374 invested in land and building improvements, furniture and equipment, and vehicles. Table 6 shows fiscal year 2013 balances as compared to 2012.

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

Governmental Activities:		
Capital Assets Being Depreciated:		
Building Improvements	\$ 1,240,553	\$ 229,138
Infrastructure	72,497	
Machinery and Equipment	152,832	99,445
Licensed Vehicles	10,728	16,851
Construction In Progress		1,111,797
Total Capital Assets Being Depreciated at Historical Cost	1,476,610	1,457,231
 Business-Type Activities:		
Capital Assets Being Depreciated:		
Equipment	210,764	207,428
	\$ 1,687,374	\$ 1,664,659

Overall capital assets increased \$22,388 from fiscal year 2012 to fiscal year 2013. For more detailed information, please refer to the Notes to the Basic Financial Statements.

For the Future

The Cape May County Schools for Special Services is in good financial condition presently. The School District is proud of its Board of Chosen Freeholder's support of the school.

In conclusion, the Cape May County Schools for Special Services has committed itself to financial excellence for many years. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Management

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Kathleen M. Allen, Cape May County Schools for Special Services, Business Administrator/Board Secretary at the Board Offices, 4 Moore Road, DN 704, Cape May Court House, NJ 08210.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,256,955	\$ 1,782,325	\$ 3,039,280
Internal Balances	144,575	(144,575)	-
Receivables, Net	105,550	910,855	1,016,405
Restricted Assets:			
Cash Reserve Account	109,901	-	109,901
Inventory	-	5,138	5,138
Capital Assets:			
Capital Assets Being Depreciated, Net	1,476,610	210,764	1,687,374
Total Assets	3,093,591	2,764,507	5,858,098
LIABILITIES			
Accounts Payable	27,857	5,658	33,515
Accrued Salaries and Benefits	11,809		11,809
Payable to Other Governments	11	2,457	2,468
Advances for Grants	38,061		38,061
Advances from Students	-	984	984
Deposits Payable	-	4,100	4,100
Noncurrent Liabilities			
Due Beyond One Year	433,789	42,477	476,266
Total Liabilities	511,527	55,676	567,203
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,476,610	210,764	1,687,374
Restricted for:			
Capital Projects	109,901	-	109,901
Other Purposes	33,882	-	33,882
Unrestricted	961,671	2,498,067	3,459,738
Total Net Position	\$ 2,582,064	\$ 2,708,831	\$ 5,290,895

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Statement of Activities
For the Fiscal Year Ended June 30, 2013

Function/Programs	Program Revenue					Net (Expense Revenue and Changes in Net Assets)		
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Special Education	\$ 3,920,379	\$ 1,840,507	\$ 3,812,395	\$ 812,196	\$ -	\$ (1,136,295)	\$ -	\$ (1,136,295)
Other Instruction	930,881	466,421	951,845	174,470	-	(270,987)	-	(270,987)
Support Services:								
Student & Instruction Related Services	1,678,872	793,630	1,619,593	329,355	-	(523,554)	-	(523,554)
School Administrative Services	340,490	169,935	346,794	63,566	-	(100,065)	-	(100,065)
Plant Operation and Maintenance	1,783,887	243,327	496,568	-	-	(1,530,646)	-	(1,530,646)
General Administrative and Business Services	615,829	215,885	440,566	80,755	-	(310,393)	-	(310,393)
Unallocated Benefits	3,729,705	(3,729,705)	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	-	-
Total Governmental Activities	13,000,043	-	7,667,761	1,460,342	-	(3,871,940)	-	(3,871,940)
Business-Type Activities:								
Food Service	254,556	-	61,915	121,401	-	(71,240)	(71,240)	(71,240)
Shared Services - Itinerant	2,304,081	-	2,304,199	-	-	118	118	118
Shared Services - Transportation	1,842,056	-	1,981,693	-	-	139,637	139,637	139,637
Community Use	79,539	-	147,466	-	-	67,927	67,927	67,927
Extended School Year	399,881	-	418,600	-	-	18,719	18,719	18,719
Non-major Enterprise Funds	1,107,773	-	959,493	203,383	-	55,103	55,103	55,103
Total Business-Type Activities	5,987,886	-	5,873,366	324,784	-	210,264	210,264	210,264
Total Primary Government	\$ 18,987,929	\$ -	\$ 13,541,127	\$ 1,785,126	\$ -	\$ (3,871,940)	\$ 210,264	\$ (3,661,676)
General Revenues:								
Taxes:								
County Appropriation, Levied for General Purposes, Net						\$ 3,974,832	\$ -	\$ 3,974,832
Investment Earnings						15,905	1,757	17,662
Miscellaneous Income						40,252	-	40,252
Special Item: Loss on Disposal of Capital Assets						(60,890)	(6,680)	(6,680)
Transfers						60,890	60,890	-
Total General Revenues, Special Items, Extraordinary Items and Transfers						3,970,099	55,967	4,026,066
Change in Net Position						98,159	266,231	364,390
Net Position - Beginning						2,483,905	2,442,600	4,926,505
Net Position - Ending						\$ 2,582,064	\$ 2,708,831	\$ 5,290,895

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

FUND FINANCIAL STATEMENTS

The individual fund financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Governmental Funds
Balance Sheet
June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,249,564	\$ 7,391	\$ -	\$ 1,256,955
Receivables, Net	-	32,810	-	32,810
Due from Other Funds	154,784	-	-	154,784
Receivables from Other Governments	20,658	-	-	20,658
Other - (tuition)	36,321	-	-	36,321
Restricted Cash & Cash Equivalents	109,901	-	-	109,901
Total Assets	<u>\$ 1,571,228</u>	<u>\$ 40,201</u>	<u>\$ -</u>	<u>\$ 1,611,429</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 25,717	\$ 2,140	\$ -	\$ 27,857
Payable to Other Governments	11	-	-	11
Accrued Salaries and Benefits	11,809	-	-	11,809
Deferred Revenue	-	38,061	-	38,061
Total Liabilities	<u>37,537</u>	<u>40,201</u>	<u>-</u>	<u>77,738</u>
Fund Balances:				
Committed to:				
Maintenance Reserve	30,160	-	-	30,160
Capital Reserve	109,901	-	-	109,901
Assigned to:				
Designated by BOE for Subsequent Years Expenditures	400,000	-	-	400,000
Other Purposes	3,722	-	-	3,722
Unassigned				
General Fund	989,908	-	-	989,908
Total Fund Balances	<u>1,533,691</u>	<u>-</u>	<u>-</u>	<u>1,533,691</u>
Total Liabilities and Fund Balances	<u>\$ 1,571,228</u>	<u>\$ 40,201</u>	<u>\$ -</u>	<u>\$ 1,611,429</u>

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

Capital assets used in governmental activities are not resources and therefore are not reported in the funds.

The cost of the assets is \$1,873,413 and the accumulated depreciation is \$396,803. 1,476,610

Long-term liabilities are not due and payable in the current period and therefore not reported as liabilities in the funds (433,789)

Internal service funds are used by management to charge costs of certain activities, such as extra services, to individual funds or other governmental entities. The net revenue (expense) of internal service funds is reported with governmental activities. (See B-5) 5,552

Net position of governmental activities \$ 2,582,064

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local Sources:				
County Line Item Appropriation	\$ 3,974,832	\$ -	\$ -	\$ 3,974,832
Tuition Charges	7,308,861			7,308,861
Non-Resident Fees	302,500			302,500
Miscellaneous	56,157	51,575		107,732
Total Local Sources	<u>11,642,350</u>	<u>51,575</u>	-	<u>11,693,925</u>
State Sources	1,304,122	15,861	-	1,319,983
Federal Sources	27,476	61,308		88,784
Total Revenues	<u>\$ 12,973,948</u>	<u>\$ 128,744</u>	<u>\$ -</u>	<u>\$ 13,102,692</u>
EXPENDITURES				
Current:				
Special Education Instruction	\$ 3,761,598	\$ 96,256	\$ -	\$ 3,857,854
Other Instruction	931,961			931,961
Support Services:				
Tuition				-
Student & Instruction Related Serv.	1,634,986	32,488		1,667,474
School Administrative Services	346,368			346,368
Other Administrative Services	621,115			621,115
Plant Operation and Maintenance	1,752,043			1,752,043
Employee Benefits	3,729,705			3,729,705
Capital Outlay	65,340	-	-	65,340
Total Expenditures	<u>12,843,116</u>	<u>128,744</u>	<u>-</u>	<u>12,971,860</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>130,832</u>	<u>-</u>	<u>-</u>	<u>130,832</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	25,071			25,071
Transfers out	(60,890)		(25,071)	(85,961)
Total Other Financing Sources and Uses	<u>(35,819)</u>	<u>-</u>	<u>(25,071)</u>	<u>(60,890)</u>
Net Changes in Fund Balance	95,013	-	(25,071)	69,942
Fund Balance - July 1	1,438,678	-	25,071	1,463,749
Fund Balance - June 30	<u>\$ 1,533,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,533,691</u>

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Total Net Change in Fund Balance - Governmental Funds (from B-2) \$ 69,942

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

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

This is the amount depreciation exceeded capital outlays for the period.

	Depreciation expense	\$ (58,203)	
	Capital Outlays	<u>77,582</u>	
			19,379

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

3,286

Internal service funds are used by management to charge the costs of certain activities, such as extra services, to individual funds or other governmental entities. The net revenue (expense) of the internal service funds is reported with governmental activities. (See B-5)

5,552

Change in Net Position of Governmental Activities

\$ 98,159

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Proprietary Funds
Statement of Net Position
June 30, 2013

	Business Type Activities - Enterprise Funds						Total 2013	Governmental Activities Internal Service Fund (See G-4)
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year	Non-Major Enterprise Funds (See Note 1) (See G-1)		
ASSETS								
Current Assets:								
Cash and Cash Equivalents	\$ 10,957	\$ 488,464	\$ 62,196	\$ 291,184	\$ 723,918	\$ 205,606	\$ 1,782,325	\$ -
Accounts Receivable	7,373	327,864	469,364	-	-	106,254	910,855	15,762
Inventory	3,386	-	-	-	-	1,752	5,138	-
Total Current Assets	21,716	816,328	531,560	291,184	723,918	313,612	2,698,318	15,762
Noncurrent Assets:								
Furniture, Machinery & Equipment	164,409	-	105,413	14,811	-	418,102	702,735	-
Less Accumulated Depreciation	(162,293)	-	(64,095)	(14,811)	-	(250,772)	(491,971)	-
Total Noncurrent Assets	2,116	-	41,318	-	-	167,330	210,764	-
Total Assets	\$ 23,832	\$ 816,328	\$ 572,878	\$ 291,184	\$ 723,918	\$ 480,942	\$ 2,909,082	\$ 15,762
LIABILITIES								
Current Liabilities:								
Accounts Payable	\$ -	\$ -	\$ 1,395	\$ -	\$ -	\$ 4,263	\$ 5,658	\$ -
Intergovernmental Accounts Payable:								
State	-	-	-	-	-	2,457	2,457	-
Interfunds Payable	85,283	-	58,644	-	-	648	144,575	10,210
Deferred Revenue	984	-	-	-	-	-	984	-
Deposits Payable	-	-	-	4,100	-	-	4,100	-
Total Current Liabilities	86,267	-	60,039	4,100	-	7,368	157,774	10,210
Noncurrent Liabilities:								
Compensated Absences	4,980	12,150	447	-	-	24,900	42,477	-
Total Noncurrent Liabilities	4,980	12,150	447	-	-	24,900	42,477	-
NET POSITION								
Invested in Capital Assets Net of Related Debt Unrestricted	2,116 (69,531)	- 804,178	41,318 471,074	- 287,084	723,918	167,330 281,344	210,764 2,498,067	- 5,552
Total Net Position	(67,415)	804,178	512,392	287,084	723,918	448,674	2,708,831	5,552

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Fund							Total 2013	Governmental Activities Internal Service Fund (See G-5)
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year	Non-Major Enterprise Funds (See Note 1) (See G-2)			
Operating Revenue:									
Charges for Service:									
Daily Sales - Non-reimbursable Programs	\$ 17,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,059	\$ 61,292	\$ -
Daily Sales - Reimbursable Programs	27,906	-	-	-	-	-	-	27,906	-
Special Functions and Other Revenue	16,776	-	-	-	-	-	-	16,776	-
Itinerant and Professional Services	-	2,304,199	-	-	-	-	-	2,304,199	56,400
Transportation Fees from Other LEA's	-	-	1,981,693	-	-	-	-	1,981,693	-
Within the State	-	-	-	55,743	-	-	-	55,743	-
Day Care Facility Rental	-	-	-	-	-	-	38,340	38,340	-
Adult Day Care - Easter Seals	-	-	-	91,723	-	-	-	91,723	-
Pool/Gym Use and Community Swim	-	-	-	-	418,600	-	877,094	1,295,694	-
Tuition and Fees	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total Operating Revenue	61,915	2,304,199	1,981,693	147,466	418,600	959,493	5,873,366	56,400	
Operating Expenses:									
Cost of Sales	76,960	-	-	-	-	-	43,060	120,020	42,777
Salaries	112,333	1,669,057	137,308	61,921	371,949	736,725	3,089,293	8,071	
Employee Benefits	56,987	332,241	52,871	4,799	22,314	195,458	664,670		
Transportation - Contracted Services	-	-	1,572,129	1,864	2,115	32,055	1,608,163		
Other Purchased Professional Services	2,000	235,055	1,000	-	500	29,547	268,102		
Other Purchased Services	1,206	7,672	3,275	5,457	2,750	4,474	24,834		
Cleaning, Repair and Maintenance Services	1,247	-	9,234	-	-	-	10,481		
Professional Development	-	-	-	-	-	-	-		
Rentals	-	-	-	-	-	-	-		
Utilities and Gasoline	-	-	26,242	-	-	29,955	56,197		
Insurance	2,051	56,449	17,580	6	-	3,827	79,913		
Tuition	-	-	-	-	-	1,183	1,183		
General Supplies	307	3,607	8,399	5,492	253	5,023	23,081		
Depreciation	1,465	-	14,018	-	-	26,466	41,949		
Total Operating Expenses	254,556	2,304,081	1,842,056	79,539	399,881	1,107,773	5,987,886	50,848	
Operating Income (Loss)	(192,641)	118	139,637	67,927	18,719	(148,280)	(114,520)	5,552	

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2013

	Business-Type Activities -						Governmental Activities Internal Service Fund (See G-5)
	Enterprise Fund		Non-Major Enterprise Funds (See Note 1) (See G-2)		Total 2013		
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year		
Nonoperating Revenues (Expenses):							
State Sources:							
Adult Day Care - DDD Contract	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,383	\$ -
State School Lunch Program	1,540	-	-	-	-	1,540	-
Federal Sources:							
National School Lunch Program	68,143	-	-	-	-	68,143	-
School Breakfast Program	37,651	-	-	-	-	37,651	-
Food Distribution Program	14,067	-	-	-	-	14,067	-
Interest and Investment Income	244	-	-	1,358	-	1,757	-
Loss on Disposal of Capital Assets	-	-	(6,680)	-	-	(6,680)	-
Total Nonoperating Revenues (Expenses)	121,645	-	(6,680)	1,358	-	319,861	-
Income (loss) before Contributions & Transfers	(70,996)	118	132,957	69,285	18,719	205,341	5,552
Capital Contributions (Uses) Transfers In (Out)	60,890	-	-	-	-	60,890	-
Changes in Net Position	(10,106)	118	132,957	69,285	18,719	266,231	5,552
Total Net Position - Beginning	(57,309)	804,060	379,435	217,799	705,199	2,442,600	-
Total Net Position - Ending	\$(67,415)	\$ 804,178	\$ 512,392	\$ 287,084	\$ 723,918	\$ 2,708,831	\$ 5,552

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Proprietary Funds
Comparative Statement of Cash Flows
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Fund						Governmental Activities Internal Service Fund (See G-6)
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year	Non-Major Enterprise Funds (See Note 1) (See G-3)	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Customers	\$ 62,327	\$ 2,316,029	\$ 1,897,567	\$ 147,466	\$ 418,600	\$ 902,460	\$ 5,744,449
Payments to Employees	(97,082)	(1,668,367)	(143,745)	(65,589)	(371,949)	(735,741)	(3,082,473)
Payments for Employee Benefits	(56,987)	(332,241)	(52,871)	(4,799)	(22,314)	(195,458)	(664,670)
Payments for Supplies and Services	(70,110)	(303,894)	(1,638,755)	(17,749)	(5,618)	(146,782)	(2,182,908)
Net Cash Provided by (Used for) Operating Activities	(161,852)	11,527	62,196	59,329	18,719	(175,521)	(185,602)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
State Sources	1,522					203,383	204,905
Federal Sources	104,546					-	104,546
Operating Subsidies and Transfers to Other Funds	60,890					-	60,890
Net Cash Provided by (Used for) Noncapital Financing Activities	166,958	-	-	-	-	203,383	370,341
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Sale of Capital Assets	-					(51,965)	(51,965)
Security Deposit Received	-					-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	-					(51,965)	(51,965)
CASH FLOW FROM INVESTING ACTIVITIES							
Interest and Dividends	244			1,358		155	1,757
Net Cash Provided by (Used for) Investing Activities	244			1,358		155	1,757
Net Increase (Decrease) in Cash and Cash Equivalents	5,350	11,527	62,196	60,687	18,719	(23,948)	134,531
Balance - Beginning of Year	5,607	476,937	-	230,497	705,199	229,554	1,647,794
Balance - End of Year	\$ 10,957	\$ 488,464	\$ 62,196	\$ 291,184	\$ 723,918	\$ 205,606	\$ 1,782,325

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Fiduciary Funds
Statement of Net Position
June 30, 2013

	<u>Unemployment Compensation</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 117,823</u>	<u>\$ 126,636</u>
Total Assets	<u>117,823</u>	<u>126,636</u>
LIABILITIES		
Accounts Payable	941	-
Payable to Student Groups	-	21,943
Payroll Deductions and Withholdings	-	104,693
Total Liabilities	<u>941</u>	<u>126,636</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 116,882</u>	

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

	Unemployment Compensation
ADDITIONS	
Contributions:	
Enterprise Funds	\$ 34,864
Total Contributions	34,864
Investment Earnings:	
Interest	583
Net Investment Earnings	583
Total Additions	35,447
DEDUCTIONS	
Unemployment Claims	15,056
Total Deductions	15,056
Changes in Net Assets	20,391
Net Position - Beginning of the Year	96,491
Net Position - End of the Year	\$ 116,882

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of appointed officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of Cape May County Schools for Special Services (District) have been prepared in conformity 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 more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Cape May County Schools for Special Services is a Type I District located in the County of Cape May, State of New Jersey. As a Type I District, the School District functions independently through a Board of Education. The Board is comprised of six members appointed to three-year terms, and the County Superintendent of Schools and the County Mental Health Chairperson as ex-officio members. The operations of the District include early intervention (birth-3), pre-school handicapped (ages 3-5), Ocean Academy Elementary School (ages 5-10), individuals eligible for day training (ages 4-21), George E. Bailey Middle School (ages 11-14), the Alternative High School (ages 14-21), the Woodbine Developmental Center, the Alternative Education Program and the Department of Human Services Program.

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

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

The following organizations are considered component units; however, the School District has determined that they are not significant and, therefore, have not been included in the basic financial statements;

Cape May County Special Services Education Foundation
148 Crest Haven Road
Cape May Court House, N.J. 08210

Requests for information should be addressed to the organization listed above.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's proprietary funds are classified as business-type activities.

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

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

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

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

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

C. Basic Financial Statements – Fund Financial Statements

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Basic Financial Statements – Fund Financial Statements - Continued

The following fund types are used by the District:

Governmental Funds

The District reports the following governmental funds:

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

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue fund is specifically used to account for federal and state grant monies that have been allocated to the District.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the Board of School Estimates.

Fund Balances – Governmental Funds

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

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Basic Financial Statements – Fund Financial Statements - Continued

Fund Balances – Governmental Funds – Continued

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

Proprietary Funds

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

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs.

The District reports the following proprietary fund:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business operations – where the intent of the District is that the costs of providing goods or services be financed or recovered primarily through user charges.

The District's Enterprise Fund is comprised of the following;

A Food Service Fund, which accounts for all revenues and expenses pertaining to the District's cafeteria operations.

An Itinerant Shared Services Fund, which accounts for all revenues and expenses pertaining to the itinerant services provided to other districts in the state.

A Transportation Shared Services Fund, which accounts for all revenues and expenses pertaining to the transportation services provided to other districts in the state.

A Day Care/Community Use of Facilities Fund, which accounts for all revenues and expenses pertaining to the day care operations in the district provided to families in the community and which accounts for all revenues and expenses pertaining to Community Pool operations.

A Shop Rite Fund, which accounts for all revenue and expenses pertaining to the sale of goods from a Shop Rite store maintained in the school.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Basic Financial Statements – Fund Financial Statements - Continued

Proprietary Funds - Continued

Enterprise Funds - Continued

An Alternative Education Fund, which accounts for all revenues and expenses pertaining to the Alternative Education Program – The “Compact”.

An Adult Medical Day Care Fund, which accounts for all revenues and expenses pertaining to the Over 21 Program maintained by the District.

An Extended School Year Fund, which accounts for all revenues and expenses pertaining to the extended school year program operated over the summer months.

A Business Office Services Fund, which accounts for all revenues and expenses pertaining to the outsourcing of business office functions to other local education associations.

Internal Service Fund - Internal Service funds are used to charge costs for certain activities to individual funds or other governmental entities. The District's internal service fund is comprised of charges for additional related services over contractual amounts.

Fiduciary Funds

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

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

All fund internal activity is eliminated when carried to the Government-wide statements.

D. Basis of Accounting

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

1. Accrual:

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Basis of Accounting - Continued

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Financial Statement Amounts

1. Cash and Cash Equivalents:

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

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

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

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

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Financial Statement Amounts - Continued

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District’s use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2013, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	4,329
Supplies		809
	\$	5,138

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2013 is \$1,095.

4. Capital Assets:

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

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assets	50-65 years

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Financial Statement Amounts - Continued

6. Expenditures:

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

7. Compensated Absences:

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

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

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

8. Interfund Activity:

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

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Financial Statement Amounts - Continued

Significant transfers approved by the Board of Education during the fiscal year were as follows:

Special Education - Behavioral Disabilities	
Salaries of Teachers	(23,328)
Special Education - Multiple Disabilities	
Salaries of Teachers	15,426
Undistributed Expenditures - Health Services	
Salaries	(11,900)
Undistributed Expenditures - Speech, OT, PT and Related Services	
Salaries	30,000
Undistributed Expenditures - Child Study Teams	
Salaries	(78,990)
Undistributed Expenditures - Required Maintenance	
Cleaning, Repair and Maintenance	(11,841)
Undistributed Expenditures - Custodial Services	
Other Purchased Property Services	16,200
Natural Gas	28,000
Electricity	(56,100)
Undistributed Expenditures - Food Service	
Transfer to Cover Deficit - Food Service	60,890

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

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

10. Tuition Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The final cost is based on an agreement with the Absecon Board of Education with a negotiated amount up to the final cost as determined by State of New Jersey.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Financial Statement Amounts - Continued

11. Tuition Payable:

Tuition charges for the fiscal years 2012/13 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates:

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

13. Allocation of Costs:

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

F. Recent Accounting Changes

In April 2012, GASB issued Statement No. 66 “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”. This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District’s financial reporting.

In June 2012, GASB issued Statement No. 67 “Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25”. This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the District’s financial reporting.

In June 2012, GASB issued Statement No. 68 “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the District’s financial reporting.

In January 2013, GASB issued Statement No. 69 “Government Combinations and Disposals of Government Operations”. This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the District’s financial reporting.

In April 2013, GASB issued Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees”. This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the District’s financial statements

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District 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. Of the School District's bank balance of \$3,648,936 of June 30, 2013, \$124,349 was uninsured and uncollateralized.

NOTE 3 – CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board of Education by the inclusion of \$1.00 on October 17, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the Board of School Estimates has been obtained. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its LRFP.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance, July 1, 2012	\$	34,455
Interest earnings		375
Deposits:		
Returned from Capital Projects Fund		25,071
Board resolution		50,000
		75,071
Total increases		75,071
Ending balance , June 30, 2013	\$	109,901

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects at June 30,2013 is greater than \$109,901.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2013, consisted of accounts (tuition and miscellaneous), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of accounts receivable follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$ 53,468	\$ 55,836
Federal Aid		6,376
Interfunds	144,575	
Other	52,082	954,193
Gross Receivables	250,125	1,016,405
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 250,125	\$ 1,016,405

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 5 – INTERFUND TRANSFERS AND BALANCES

Transfers between funds are used to (1) repay expenses paid by another fund; and (2) make a permanent contribution to the Enterprise Funds or (3) loan monies to other funds.

The following interfund balances remained on the fund financial statements at June 30, 2013:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 154,785	\$ -
Internal Service Fund		10,210
Food Service Fund		58,644
Transportation Enterprise Fund		85,283
Shop Rite		648
	<u> </u>	<u> </u>
Total	<u>\$ 154,785</u>	<u>\$ 154,785</u>

The general fund receivable is comprised of four interfunds. The first interfund represents payments totaling \$10,210 on behalf of the internal service fund for extra services but has not yet been reimbursed. The second interfund relates to \$58,644 owed to the general fund, which the food service enterprise fund received to pay food service charges. The third interfund owed to the general fund from the Transportation Fund is \$85,283 is a result of the general fund's loan to cover the cash deficit in that fund due to receivables from local districts. The fourth interfund owed to the general fund is from the Shop Rite is \$648 and is due to some administrative and payroll costs charged to the fund and not reimbursed.

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CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 6 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Land Improvements	\$ -	\$ -	\$ -	\$ -
Building Improvements	345,000	1,038,215		1,383,215
Infrastructure		73,582		73,582
Machinery and Equipment	290,041	77,582	-	367,623
Licensed Vehicles	48,992			48,992
Construction in Progress	1,111,797	(1,111,797)		-
Total capital assets being depreciated at historical cost	<u>1,795,830</u>	<u>77,582</u>	<u>-</u>	<u>1,873,412</u>
Less accumulated depreciation for:				
Land Improvements	-			-
Building Improvements	(115,863)	(26,799)		(142,662)
Infrastructure		(1,085)		(1,085)
Machinery and Equipment	(190,596)	(24,195)	-	(214,791)
Licensed Vehicles	(32,140)	(6,124)		(38,264)
Total capital assets being depreciated, net of accumulated depreciation	<u>1,457,231</u>	<u>19,379</u>	<u>-</u>	<u>1,476,610</u>
Governmental activity capital assets, net	<u>\$ 1,457,231</u>	<u>\$ 19,379</u>	<u>\$ -</u>	<u>\$ 1,476,610</u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 666,411	\$ 51,965	\$ 15,641	\$ 702,735
Less accumulated depreciation	<u>(458,984)</u>	<u>(41,948)</u>	<u>(8,961)</u>	<u>(491,971)</u>
Enterprise Fund capital assets, net	<u>\$ 207,427</u>	<u>\$ 10,017</u>	<u>\$ 6,680</u>	<u>\$ 210,764</u>

Depreciation expense was charged to governmental functions as follows:

Special education instruction	\$ 30,319
Plant operations and maintenance	<u>27,884</u>
	<u>\$ 58,203</u>

No interest on debt was capitalized during the year.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 7 – GENERAL LONG-TERM DEBT

Changes in long-term obligations for the year ended June 30, 2013 are as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Compensated Absences				-	
General Fund	\$ 437,075	\$ 28,494	\$ 31,780	\$ 433,789	\$ -
Business Type Funds	<u>52,950</u>	<u>3,372</u>	<u>13,845</u>	<u>42,477</u>	<u>-</u>
	<u>\$ 490,025</u>	<u>\$ 31,866</u>	<u>\$ 45,625</u>	<u>\$ 476,266</u>	<u>\$ -</u>

Compensated absences are been liquidated in the General Fund and the Enterprise Funds.

Capital Leases

The District has no capital leases as of June 30, 2013.

NOTE 8 – OPERATING LEASES

The District has commitments to lease the school building and certain office equipment under operating leases that expire in 2017. Total operating lease payments made during the year ended June 30, 2013 were \$442,432. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2014	\$ 207,491
2015	7,491
2016	4,726
2017	<u>2,751</u>
Total future minimum lease payments	<u>\$ 222,459</u>

NOTE 9 – PENSION PLANS

Description of Plans

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 9 – PENSION PLANS - Continued

Teachers' Pension and Annuity Fund (TPAF)

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

Public Employees' Retirement System (PERS)

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

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost sharing multiple employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2013, 2012 and 2011 were \$404,552, \$191,455 and \$0 respectively, and paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2013, 2012 and 2011 were \$372,831, \$336,424 and \$328,054 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2013, 2012 and 2011, the State of New Jersey contributed \$457,446, \$426,177, and \$424,388, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$442,124, \$446,595, and \$463,476, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 9 – PENSION PLANS - Continued

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were several no employees enrolled in the DCRP for the year ended June 30, 2013.

Vesting and Benefit Provisions

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

Significant Legislation

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 9 – PENSION PLANS - Continued

Significant Legislation (Continued)

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

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

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

NOTE 10 – POST-RETIREMENT BENEFITS

The School District contributes to the New Jersey State Health Benefits Program ("the SHBP"), a cost sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program is found in the New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The Division of Pension and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 10 – POST-RETIREMENT BENEFITS - Continued

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. 2008, C. 103 amended the law to eliminate the funding and payment of post-retirement medical benefits for retired state employees through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a 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 for members PERS and the Alternative Benefit Program who retired 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 2013. The State also makes on-behalf payments for Teacher Pension and Annuity Program retirees for health benefits. The on-behalf amount paid by the State of New Jersey in fiscal year 2012 was \$457,446.

NOTE 11 – COMPENSATED ABSENCES

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

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

In the District-Wide Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

NOTE 12 – DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities 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 administrators are as follows:

- TPAF Tax Shelters
- MetLife
- Thomas Seely Agency, Inc.
- Lincoln Tax Shelters
- Travelers Tax Shelters
- Siracusa Tax Shelters
- Safeco Tax Shelters

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 13 – RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ 34,864	\$ 583	\$ 15,056	\$ 116,882
2011-2012	25,012	18,100	44,829	96,491
2010-2011	19,926	39,974	56,917	98,208

NOTE 14 – COMMITMENTS

The District has not adopted an encumbrance policy for the fiscal year end to consider significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund or Committed Fund Balance in the Capital Projects Fund. Significant encumbrances at June 30th are as follows;

<u>Fund</u>	<u>Amount</u>
General Fund Encumbered Orders	\$ 3,722
	<u>\$ 3,722</u>

NOTE 15 – CONTINGENT LIABILITIES

Federal and State Grants

The District participates in a number of federal and state grant programs. The grant programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance would result in the disallowance of program expenditures.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 16 – ECONOMIC DEPENDENCY

The District receives support from federal government and from the state governments through local school districts. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

NOTE 17 – FUND BALANCE APPROPRIATED

General Fund – Of the \$1,533,691 General Fund fund balance, at June 30, 2013, \$3,722 is reserved for encumbrances; \$30,160 has reserved as Maintenance Reserve in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701), \$109,901 has been reserved in the Capital Reserve Account; \$400,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2014; and \$989,908 is classified and Unassigned.

NOTE 18 – CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:46-31, an undesignated fund balance of 10 percent of the general fund budget may be maintained. The New Jersey Department of Education calculates the District's excess surplus using audited information and subsequently adjusts tuition rates and the cost per pupil for these calculations.

NOTE 19 – DEFICIT IN NET POSITION – ENTERPRISE FUNDS

The Food Services Enterprise Fund has a cumulative deficit in net assets of \$67,415 as of June 30, 2013. This deficit will either be provided for in the 2013-14 budget or made up through operations.

NOTE 20 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2013 through September 6, 2013, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Local Sources:					
County Line Item Appropriation	\$ 3,974,832	\$ -	\$ 3,974,832	\$ 3,974,832	\$ -
Tuition from LEAs	7,774,544		7,774,544	7,308,861	(465,683)
Non-Resident Fees	313,500		313,500	302,500	(11,000)
Interest Earned on Capital Reserve	375		375	375	-
Interest Earned on Maintenance Reserve	290		290	290	-
Interest Earned on Deposits	11,665		11,665	15,240	3,575
Other Miscellaneous	35,000		35,000	40,252	5,252
Total Local Sources	12,110,206	-	12,110,206	11,642,350	(467,856)
State Sources:					
On-behalf TPAF - Pension Contributions (non-budgeted)	-	-	-	404,552	404,552
On-behalf TPAF Postretirement Contributions (non-budgeted)	-	-	-	457,446	457,446
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	442,124	442,124
Total State Sources	-	-	-	1,304,122	1,304,122
Federal Sources:					
Medical Assistance Program	37,168	-	37,168	27,476	(9,692)
Total Federal Sources	37,168	-	37,168	27,476	(9,692)
Total Revenues	12,147,374	-	12,147,374	12,973,948	826,574

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES:					
CURRENT EXPENSE					
SPECIAL EDUCATION - INSTRUCTION					
Behavioral Disabilities					
Salaries of Teachers	\$ 445,323	\$ (23,328)	\$ 421,995	\$ 379,477	\$ 42,518
Other Salaries for Instruction	228,494	-	228,494	226,050	2,444
Purchased Technical Services	2,038	-	2,038	1,923	115
Other Purchased Services (400-500 series)	35,550	(1,000)	34,550	23,825	10,725
General Supplies	3,313	1,731	5,044	4,781	263
Textbooks	7,500	(750)	6,750	3,274	3,476
Other Objects	1,018	-	1,018	1,000	18
Total Behavioral Disabilities	723,236	(23,347)	699,889	640,330	59,559
Multiple Disabilities					
Salaries of Teachers	1,337,439	15,426	1,352,865	1,352,845	20
Other Salaries for Instruction	652,655	-	652,655	637,275	15,380
Purchased Professional - Educational Services	39,151	-	39,151	27,252	11,899
Other Purchased Services (400-500 series)	5,094	-	5,094	2,955	2,139
General Supplies	44,277	-	44,277	33,644	10,633
Textbooks	22,500	-	22,500	8,779	13,721
Other Objects	9,171	-	9,171	9,171	-
Total Multiple Disabilities	2,110,287	15,426	2,125,713	2,071,921	53,792
Autism					
Salaries of Teachers	531,301	-	531,301	530,901	400
Other Salaries for Instruction	195,604	-	195,604	190,247	5,357
Other Purchased Services (400-500 series)	32,318	-	32,318	25,386	6,932
General Supplies	5,313	2,500	7,813	7,023	790
Other Objects	11,584	(1,000)	10,584	3,021	7,563
Total Autism	776,120	1,500	777,620	756,578	21,042
Preschool Disabilities - Full-Time					

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Preschool Disabilities - Full-Time	\$ 136,539	\$ -	\$ 136,539	\$ 136,539	\$ -
Salaries of Teachers	47,586	-	47,586	23,464	24,122
Other Salaries for Instruction	971	-	971	959	12
Other Purchased Services (400-500 series)	1,019	600	1,619	1,190	429
General Supplies	1,500	(600)	900		900
Other Objects					
Total Preschool Disabilities - Full-Time	187,615	-	187,615	162,152	25,463
Cognitive - Severe					
Salaries of Teachers	157,577	-	157,577	78,226	79,351
Other Salaries for Instruction	34,487	-	34,487	34,487	-
Other Purchased Services (400-500 series)	10,953	-	10,953	10,642	311
General Supplies	7,359	(1,500)	5,859	5,734	125
Other Objects	1,528	-	1,528	1,528	-
Total Cognitive - Severe	211,904	(1,500)	210,404	130,617	79,787
TOTAL SPECIAL EDUCATION - INSTRUCTION	4,009,162	(7,921)	4,001,241	3,761,598	239,643
Other Instructional Programs - Instruction					
Salaries	901,399	2,102	903,501	903,480	21
Purchased Services (300-500 series)	1,528	-	1,528	622	906
Supplies & Materials	8,431	3,669	12,100	11,495	605
Other Objects	11,208	(1,019)	10,189	10,189	-
Total Other Instructional Programs - Instruction	922,566	4,752	927,318	925,786	1,532
Community Service Programs - Instruction					
Salaries	6,950	-	6,950	6,175	775
Total Community Service Programs - Instruction	6,950	-	6,950	6,175	775
TOTAL INSTRUCTION	4,938,678	(3,169)	4,935,509	4,693,559	241,950

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Health Services					
Salaries	\$ 198,724	\$ (11,900)	\$ 186,824	\$ 180,511	\$ 6,313
Purchased Professional and Technical Services	17,321	-	17,321	12,330	4,991
Purchased Services (400-500 series)	306	-	306	-	306
Supplies & Materials	8,661	-	8,661	6,872	1,789
Other Objects	642	-	642	160	482
Total Undistributed Expenditures - Health Services	225,654	(11,900)	213,754	199,873	13,881
Undistributed Expenditures - Speech, OT, PT and Related Services					
Salaries of Other Professional Staff	740,227	30,000	770,227	769,346	881
Purchased Professional - Education Services	2,731	(500)	2,231	542	1,689
Supplies & Materials	19,328	500	19,828	14,276	5,552
Other Objects	306	-	306	133	173
Total Undistributed Expenditures - Speech, OT, PT and Related Services	762,592	30,000	792,592	784,297	8,295
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	391,015	(78,990)	312,025	311,939	86
Salaries of Secretarial and Clerical Assistants	72,760	-	72,760	67,864	4,896
Other Salaries	139,919	-	139,919	139,919	-
Purchased Professional and Technical Services	22,400	-	22,400	15,639	6,761
Other Purchased Services (400-500 series)	6,283	-	6,283	5,978	305
Supplies & Materials	3,566	-	3,566	1,655	1,911
Total Undistributed Expenditures-Child Study Teams	635,943	(78,990)	556,953	542,994	13,959

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)**

**General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 78,226	-	\$ 78,226	\$ 78,226	\$ -
Supplies & Materials	6,546	19	6,565	6,565	-
Total Undistributed Expenditures - Educational Media Services - School Library	<u>84,772</u>	<u>19</u>	<u>84,791</u>	<u>84,791</u>	<u>-</u>
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Education Services	3,260	-	3,260	-	3,260
Other Purchased Professional and Technical Services	47,424	-	47,424	22,571	24,853
Supplies & Materials	1,019	-	1,019	460	559
Total Undistributed Expenditures - Instructional Staff Training Services	<u>51,703</u>	<u>-</u>	<u>51,703</u>	<u>23,031</u>	<u>28,672</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	222,924	3,150	226,074	226,074	-
Legal Services	16,302	-	16,302	14,262	2,040
Audit Fees	22,000	(5,200)	16,800	16,800	-
Other Purchased Professional Services	9,680	-	9,680	9,490	190
Communications/Telephone	85,215	8,600	93,815	92,961	854
BOE Other Purchased Services	4,076	(3,625)	451	-	451
Misc. Purch Serv (400-500 series)	11,717	7,625	19,342	18,925	417
General Supplies	11,628	(3,000)	8,628	8,476	152
BOE In- House Training/Meeting Supplies	3,543	(1,500)	2,043	1,470	573
Miscellaneous Expenditures	5,349	-	5,349	4,904	445
BOE Membership Dues and Fees	7,030	-	7,030	6,591	439
Total Undistributed Expenditures - Support Services - General Administration	<u>399,464</u>	<u>6,050</u>	<u>405,514</u>	<u>399,953</u>	<u>5,561</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)**

**General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Supp. Serv. - School Admin.	\$ 147,721	\$ -	\$ 147,721	\$ 142,621	\$ 5,100
Salaries of Principals/Assistant Principals	54,597	677	55,274	55,274	-
Salaries of Other Professional Staff	133,527	-	133,527	133,527	-
Salaries of Secretarial and Clerical Assistants	10,416	(1,077)	9,339	6,785	2,554
Other Purchased Services (400-500 series)	5,841	900	6,741	6,486	255
Supplies & Materials	1,900	-	1,900	1,675	225
Other Objects					
Total Undistributed Expenditures - Support Services - School Administration	<u>354,002</u>	<u>500</u>	<u>354,502</u>	<u>346,368</u>	<u>8,134</u>
Undistributed Expenditures - Central Services					
Salaries	204,064	(9,100)	194,964	194,964	-
Purchased Technical Services	8,090	9,100	17,190	14,670	2,520
Miscellaneous Purchased Services (400-500 series)	5,971	-	5,971	3,418	2,553
Supplies & Materials	5,557	1,000	6,557	6,550	7
Miscellaneous Expenditures	4,076	(1,500)	2,576	1,560	1,016
Total Undistributed Expenditures - Central Services	<u>227,758</u>	<u>(500)</u>	<u>227,258</u>	<u>221,162</u>	<u>6,096</u>
Undist. Expend. - Required Maint. School Fac.					
Salaries	157,262	300	157,562	157,562	-
Cleaning, Repair and Maintenance Service	69,355	(11,841)	57,514	55,874	1,640
General Supplies	136,443	9,841	146,284	121,542	24,742
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>363,060</u>	<u>(1,700)</u>	<u>361,360</u>	<u>334,978</u>	<u>26,382</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)**

**General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed. Expenditures. - Custodial Services					
Salaries	\$ 328,000	\$ 1,700	\$ 329,700	\$ 316,996	\$ 12,704
Purchased Professional and Technical Services	191,400	9,000	200,400	199,479	921
Cleaning, Repair and Maintenance Service	11,689	-	11,689	9,715	1,974
Rental of Land and Buildings	400,000	-	400,000	400,000	-
Other Purchased Property Services	45,282	16,200	61,482	58,066	3,416
Insurance	20,851	-	20,851	20,851	-
General Supplies	20,852	-	20,852	20,493	359
Natural Gas	147,457	28,000	175,457	171,421	4,036
Electricity	320,173	(56,100)	264,073	220,044	44,029
Total Undistributed Expenditures - Other Custodial Services	1,485,704	(1,200)	1,484,504	1,417,065	67,439
Total Undistributed Expenditures Operations and Maintenance of Plant	1,848,764	(2,900)	1,845,864	1,752,043	93,821
Unallocated Benefits					
Social Security Contribution	228,780	-	228,780	200,333	28,447
Other Retirement Contributions - PERS	246,000	(500)	245,500	223,713	21,787
Other Retirement Contributions - DCRP		500	500	334	166
Unemployment Compensation	11,208	-	11,208	-	11,208
Workmen's Compensation	158,119	-	158,119	121,733	36,386
Health Benefits	1,900,000	-	1,900,000	1,841,902	58,098
Tuition Reimbursement	46,000	-	46,000	2,637	43,363
Other Employee Benefits	39,075	-	39,075	34,931	4,144
Total Unallocated Benefits	2,629,182	-	2,629,182	2,425,583	203,599

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
On-Behalf Contributions					
On-behalf TPAF - Pension Contributions (non-budgeted)	\$ -	\$ -	\$ -	\$ 404,552	\$ (404,552)
On-behalf TPAF Postretirement Contributions (non-budgeted)				457,446	(457,446)
Reimbursed TPAF Social Security Contributions (non-budgeted)				442,124	(442,124)
Total On-Behalf Contributions	-	-	-	1,304,122	(1,304,122)
Total Personal Services - Employee Benefits	2,629,182	-	2,629,182	3,729,705	(1,100,523)
TOTAL UNDISTRIBUTED EXPENDITURES	7,219,834	(57,721)	7,162,113	8,084,217	(922,104)
TOTAL GENERAL CURRENT EXPENSE	12,158,512	(60,890)	12,097,622	12,777,776	(680,154)
CAPITAL OUTLAY					
Equipment					
Special Education Instruction	8,624	-	8,624	8,574	50
Preschool Disabilities - Full-Time					
Undistributed Expenditures	56,766	-	56,766	56,766	-
Admin Info Tech.	65,390	-	65,390	65,340	50
Total Equipment					
TOTAL CAPITAL OUTLAY	65,390	-	65,390	65,340	50
TOTAL EXPENDITURES	12,223,902	(60,890)	12,163,012	12,843,116	(680,104)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(76,528)	60,890	(15,638)	130,832	146,470

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Other Financing Sources/(Uses):					
Operating Transfers In:					
Transfer from Capital Projects Fund	\$ -	\$ -	\$ -	\$ 25,071	\$ (25,071)
Operating Transfers Out:					
Transfer to Food Service Fund-Board Contrib.	-	(60,890)	(60,890)	(60,890)	-
Total Other Financing Sources:	-	(60,890)	(60,890)	(35,819)	(25,071)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(76,528)	-	(76,528)	95,013	121,399
Fund Balance July 1	1,438,678	-	1,438,678	1,438,678	
Fund Balance June 30	\$ 1,362,150	\$ -	\$ 1,362,150	\$ 1,533,691	\$ 121,399
Recapitulation:					
Nonspendable Fund Balance				\$ -	
None				-	
Restricted Fund Balance:					
None				-	
Committed Fund Balance:					
Capital Reserve				109,901	
Maintenance Reserve				30,160	
Assigned Fund Balance:					
Designated by BOE for Subsequent Years Expenditures				400,000	
Year-end Encumbrances				3,722	
Unassigned Fund Balance				989,908	
Fund Balance per Governmental Funds (GAAP)				\$ 1,533,691	

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 55,992	\$ 29,375	\$ 85,367	\$ 50,973	\$ (34,394)
Federal Sources	137,087		137,087	61,308	(75,779)
State Sources	15,861		15,861	15,861	-
Total Revenues	208,940	29,375	238,315	128,142	(110,173)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	57,114		57,114	32,662	24,452
Other Salaries for Instruction	-		-	-	-
Purchased Professional and Technical Services	73,824		73,824	26,270	47,554
General Supplies	53,722	20,375	74,097	36,422	37,675
Other Objects	300		300	300	-
Total Instruction	184,960	20,375	205,335	95,654	109,681
Support Services:					
Salaries of Other Professional Staff	2,960		2,960	2,955	5
Other Salaries	7,920		7,920	7,920	-
Personal Services - Employee Benefits	-		-	-	-
Purchased Professional Services	-		-	-	-
Contr. Serv. - Transportation	13,100	9,000	22,100	21,613	487
Other Purchased Services	-		-	-	-
Supplies & Materials	-		-	-	-
Other Objects	-		-	-	-
Total Support Services	23,980	9,000	32,980	32,488	492
Capital Outlay					
Non-Instructional Equipment	-	-	-	-	-
Total Capital Outlay					
Total Outflows	208,940	29,375	238,315	128,142	110,173
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Required Supplementary Information
Budget to GAAP Reconciliation
Note to RSI
For the Year Ended June 30, 2013

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue 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-1]	\$ 12,973,948	[C-2]	\$ 128,142
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				
Prior Year				625
Current Year				(23)
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>\$ 12,973,948</u>	[B-2]	<u>\$ 128,744</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 12,843,116	[C-2]	\$ 128,142
Difference - budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		
Prior Year				625
Current Year				(23)
	[B-2]	<u>\$ 12,843,116</u>	[B-2]	<u>\$ 128,744</u>

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OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2013

	Total Brought Forward (Ex. E-1a)	NJSBAIG Safety Grant	Education Foundation Cape Kids	Highpoint Grant	ROID 2013	Totals 2013
REVENUES:						
Local Sources	\$ 30,408	\$ 4,554	\$ 12,713	\$ 125	\$ 3,173	\$ 50,973
Federal Sources	61,308	-	-	-	-	61,308
State Sources	-	-	-	-	15,861	15,861
Total Revenues	91,716	4,554	12,713	125	19,034	128,142
EXPENDITURES:						
Instruction:						
Salaries of Teachers	32,662	-	-	-	-	32,662
Other Salaries for Instruction	-	-	-	-	-	-
Purchased Professional and Technical Services	26,270	-	-	-	-	26,270
General Supplies	23,784	4,554	4,139	125	3,820	36,422
Other Objects	-	-	-	-	300	300
Total Instruction	82,716	4,554	4,139	125	4,120	95,654
Support Services:						
Salaries of Other Professional Staff	-	-	-	-	2,955	2,955
Other Salaries	-	-	-	-	7,920	7,920
Personal Services - Employee Benefits	-	-	-	-	-	-
Purchased Professional Services	-	-	-	-	-	-
Contr. Serv. - Transportation	9,000	-	8,574	-	4,039	21,613
Other Purchased Services	-	-	-	-	-	-
Supplies & Materials	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-
Total Support Services	9,000	-	8,574	-	14,914	32,488
Capital Outlay						
Non-Instructional Equipment	-	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-	-
Total Outflows	91,716	4,554	12,713	125	19,034	128,142
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2013

	Total Brought Forward (Ex. E-1b)	Education Foundation Transportation	Education Foundation Annual	Education Foundation Wishlist Grants	Education Foundation Mini-Grants	Total Carried Forward
REVENUES:						
Local Sources	\$ 686	\$ 9,000	\$ 4,879	\$ 8,107	\$ 7,736	\$ 30,408
Federal Sources	61,308	-	-	-	-	61,308
State Sources	-	-	-	-	-	-
Total Revenues	61,994	9,000	4,879	8,107	7,736	91,716
EXPENDITURES:						
Instruction:						
Salaries of Teachers	32,662	-	-	-	-	32,662
Other Salaries for Instruction	-	-	-	-	-	-
Purchased Professional and Technical Services	26,270	-	-	-	-	26,270
General Supplies	3,062	-	4,879	8,107	7,736	23,784
Other Objects	-	-	-	-	-	-
Total Instruction	61,994	-	4,879	8,107	7,736	82,716
Support Services:						
Salaries of Other Professional Staff	-	-	-	-	-	-
Other Salaries	-	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-	-
Purchased Professional Services	-	-	-	-	-	-
Contr. Serv. - Transportation	-	9,000	-	-	-	9,000
Other Purchased Services	-	-	-	-	-	-
Supplies & Materials	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-
Total Support Services	-	9,000	-	-	-	9,000
Capital Outlay	-	-	-	-	-	-
Non-Instructional Equipment	-	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-	-
Total Outflows	61,994	9,000	4,879	8,107	7,736	91,716
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)

Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2013

	Bequests - Camp	ISY Grant FY 12	ISY Grant FY 13	Donations Prior	Total Carried Forward
REVENUES:					
Local Sources	\$ 242	\$ -	\$ -	444	\$ 686
Federal Sources	-	2,546	58,762	-	61,308
State Sources	-	-	-	-	-
Total Revenues	242	2,546	58,762	444	61,994
EXPENDITURES:					
Instruction:					
Salaries of Teachers	-	-	32,662	-	32,662
Other Salaries for Instruction	-	-	-	-	-
Purchased Professional and Technical Services	-	170	26,100	-	26,270
General Supplies	242	2,376	-	444	3,062
Other Objects	-	-	-	-	-
Total Instruction	242	2,546	58,762	444	61,994
Support Services:					
Salaries of Other Professional Staff	-	-	-	-	-
Other Salaries	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Professional Services	-	-	-	-	-
Contr. Serv. - Transportation	-	-	-	-	-
Other Purchased Services	-	-	-	-	-
Supplies & Materials	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Support Services	-	-	-	-	-
Capital Outlay					
Non-Instructional Equipment	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-
Total Outflows	242	2,546	58,762	444	61,994
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -				

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**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
 (A Component Unit of the County of Cape May)
Capital Projects Funds
Summary Statement of Project Expenditures
For the Year Ended June 30, 2013

Project Title/Issue	Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Authorization Canceled	Unexpended Balance June 30, 2013
			Prior Years	Current Years		
George E. Bailey Middle School Wing Roof Replacement	9/21/2010	\$	\$	\$	\$	\$
<p>The total final eligible costs of the project approved by the School Development Authority are \$1,080,000. The State Share of eligible costs is \$432,000 and the local share is \$648,000. The state share is being funded with a ROD (Regular Operating District) grant. The local share is being funded with a transfer from capital reserve.</p>						
		1,080,000	1,038,215	-	41,785	-
		<u>1,080,000</u>	<u>1,038,215</u>	<u>-</u>	<u>41,785</u>	<u>-</u>
		\$	\$	\$	\$	\$

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Capital Projects Fund

Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2013

REVENUES

State Sources:

ROD Grant

\$ (16,714)

Local Sources

Transfer from Capital Reserve

(25,071)

Total Revenues

(41,785)**EXPENDITURES**

Purchased Professional and Technical Services

-

Construction Services

-

Other Objects

-

Total Expenditures

-

Excess (Deficiency) of Revenues Over (Under) Expenditures

(41,785)

Fund Balance July 1

41,785

Fund Balance June 30

\$ -

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis
George E Bailey Middle School Wing Roof Replacement
From Inception and for the Year Ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Costs
REVENUES AND OTHER FINANCING SOURCES:				
State Sources:				
ROD Grant	\$ 432,000	\$ (16,714)	\$ 415,286	\$ 415,286
Local Sources				
Transfer from Capital Reserve	648,000	(25,071)	622,929	622,929
Total Revenues	<u>1,080,000</u>	<u>(41,785)</u>	<u>1,038,215</u>	<u>1,038,215</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased Professional/Technical Services	83,385		83,385	76,500
Construction Services	951,000		951,000	999,000
Other Objects	3,830		3,830	4,500
Total Expenditures	<u>1,038,215</u>	<u>-</u>	<u>1,038,215</u>	<u>1,080,000</u>
Excess (Deficiency) of Revenues Over Expenditures	41,785	(41,785)	-	
OTHER FINANCING SOURCES (USES)				
Unexpended Project Authorization Canceled			-	
Net Change to Project Fund Balance	41,785	(41,785)	-	-
ADDITIONAL PROJECT INFORMATION:				
Project Number	0715-075-10-1001			
Grant Date	September 2010			
Bond Authorization Date	N/A			
Bonds Authorized	\$ -			
Bonds Issued	-			
Original Cost Authorized	1,080,000			
Additional Authorized Cost	(41,785)			
Revised Authorized Cost	1,038,215			
Project Authorization Canceled	(41,785)			
Percentage Increase over Original Authorized Cost	-4%			
Percentage Completion	100%			
Original Target Completion Date	September 2011			
Revised Target Completion Date	September 2011			

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PROPRIETARY FUNDS – DETAILED STATEMENTS

Food Service Fund - This fund provides for the operation of food services in all schools within the school district. This fund has been included as a major fund and is reported separately in statements B-4, B-5 and B-6.

Day Care/Community Use Fund - This fund provides for the operation of day care services for staff and Cape May County residents and for the operation of the community use of facilities and programs that relate to building use..

Shop Rite - This fund provides for the operation of a Shop Rite store in the school.

Shared Services - Itinerant - This fund provides for the operation of a shared services enterprise fund that provides itinerant services to local school districts. This fund has been included as a major fund and is reported separately in statements B-4, B-5 and B-6.

Shared Services - Transportation - This fund provides for the operation of a shared services enterprise fund that provides transportation services to local school districts. This fund has been included as a major fund and is reported separately in statements B-4, B-5 and B-6.

Alternative Education (The COMPACT) - This fund provides for the operation of an Alternative Education Program for LEA's.

Adult Medical Day Care (Over 21 Program) - This fund provides for the operation of an over 21 adult medical day care program that is primarily funded by Medicare.

Extended School Year - This fund provides for the operation of an extended school year program over the summer months that is fully funded by tuition.

Business Office Services - This fund provides for the operation of Business Office Services provided to other school districts.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
 (A Component Unit of the County of Cape May)
 Non-major Proprietary Funds
 Combining Statement of Net Position
 June 30, 2013

	Non-Major Business-Type Activities - Enterprise Fund				Total Non-Major Funds (See B-4)
	The "Compact"	Shop Rite	Business Services	Over 21 Adult Day Care	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 156,536	\$ 26,150	\$ 10,006	\$ 12,914	\$ 205,606
Accounts Receivable	99,494			6,760	106,254
Inventory		1,752			1,752
Total Current Assets	<u>256,030</u>	<u>27,902</u>	<u>10,006</u>	<u>19,674</u>	<u>313,612</u>
Noncurrent Assets:					
Restricted Cash and Cash Equivalents					-
Furniture, Machinery & Equipment	319,249	17,858		80,995	418,102
Less Accumulated Depreciation	(154,354)	(17,532)		(78,886)	(250,772)
Total Noncurrent Assets	<u>164,895</u>	<u>326</u>	<u>-</u>	<u>2,109</u>	<u>167,330</u>
Total Assets	<u>\$ 420,925</u>	<u>\$ 28,228</u>	<u>\$ 10,006</u>	<u>\$ 21,783</u>	<u>\$ 480,942</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 3,593	\$ -	\$ -	\$ 670	\$ 4,263
Intergovernmental Accounts Payable:					
State	-	180		2,277	2,457
Interfunds Payable	-	648			648
Deferred Revenue	-				-
Deposits Payable	-				-
Total Current Liabilities	<u>3,593</u>	<u>828</u>	<u>-</u>	<u>2,947</u>	<u>7,368</u>
Noncurrent Liabilities:					
Compensated Absences	22,140			2,760	24,900
Total Noncurrent Liabilities	<u>22,140</u>	<u>-</u>	<u>-</u>	<u>2,760</u>	<u>24,900</u>
NET POSITION					
Invested in Capital Assets Net of Related Debt Unrestricted	164,895	326	10,006	2,109	167,330
	230,297	27,074		13,967	281,344
Total Net Position	<u>\$ 395,192</u>	<u>\$ 27,400</u>	<u>\$ 10,006</u>	<u>\$ 16,076</u>	<u>\$ 448,674</u>

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Non-major Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2013

	Non-Major Business-Type Activities - Enterprise Fund				Totals Non-Major Funds (See B-5)
	The "Compact"	Shop Rite	Business Services	Over 21 Adult Day Care	
Operating Revenue:					
Charges for Service:					
Daily Sales - Non-reimbursable Programs	\$ -	\$ 44,059	\$ -	\$ -	\$ 44,059
Daily Sales - Reimbursable Programs					
Special Functions and Other Revenue					
Itinerant and Professional Services					
Transportation Fees from Other LEA's Within the State					
Day Care Facility Rental				38,340	38,340
Adult Day Care - Easter Seals					
Pool/Gym Use and Community Swim					
Tuition and Fees	877,094				877,094
Miscellaneous					
Total Operating Revenue	877,094	44,059	-	38,340	959,493
Operating Expenses:					
Cost of Sales		43,060			43,060
Salaries	575,211			161,514	736,725
Employee Benefits	144,684			50,774	195,458
Transportation - Contracted Services	14,419			17,636	32,055
Other Purchased Professional Services	29,547				29,547
Other Purchased Services	2,245	2,229			4,474
Cleaning, Repair and Maintenance Services					
Professional Development					
Rentals	19,049				19,049
Utilities and Gasoline				10,906	10,906
Insurance				3,827	3,827
Tuition	1,183				1,183
General Supplies	4,310	566		147	5,023
Depreciation	15,424	918		10,124	26,466
Total Operating Expenses	806,072	46,773	-	254,928	1,107,773
Operating Income (Loss)	71,022	(2,714)	-	(216,588)	(148,280)
Nonoperating Revenues (expenses):					
State Sources:					
Adult Day Care - DDD Contract				203,383	203,383
Interest and Investment Income		155			155
Miscellaneous Expenses					
Total Nonoperating Revenues (expenses)		155		203,383	203,538
Income (loss) before Contributions & Transfers	71,022	(2,559)	-	(13,205)	55,258
Capital Contributions					
Transfers In (Out)					
Changes in Net Position	71,022	(2,559)	-	(13,205)	55,258
Total Net Position - Beginning	324,170	29,959	10,006	29,281	393,416
Total Net Position - Ending	395,192	27,400	10,006	16,076	448,674

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Non-major Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2013

	Non Major Business-Type Activities - Enterprise Fund				Total Non-Major Funds (See B-6)
	The "Compact"	Shop Rtte	Business Services	Over 21 Adult Day Care	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Other Income	\$ 819,369	\$ 44,059	\$ -	\$ 39,032	\$ 902,460
Payments to Employees	(575,517)	-	-	(160,224)	(735,741)
Payments for Employee Benefits	(144,684)	-	-	(50,774)	(195,458)
Payments for Supplies and Services	(67,372)	(46,613)	-	(32,797)	(146,782)
Net Cash Provided by (Used for) Operating Activities	31,796	(2,554)	-	(204,763)	(175,521)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State Sources				203,383	203,383
Federal Sources				-	-
Operating Subsidies and Transfers from/(to) Other Funds				-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	-	-	203,383	203,383
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of Capital Assets	(51,965)				(51,965)
Security Deposit Received					-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(51,965)	-	-	-	(51,965)
CASH FLOW FROM INVESTING ACTIVITIES					
Interest and Dividends		155			155
Proceeds from Sale/Maturities of Investments					-
Net Cash Provided by (Used for) Investing Activities		155			155
Net Increase (Decrease) in Cash and Cash Equivalents	(20,169)	(2,399)	-	(1,380)	(23,948)
Balance - Beginning of Year	176,705	28,549	10,006	14,294	229,554
Balance - End of Year	156,536	26,150	10,006	12,914	205,606
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 71,022	\$ (2,714)	\$ -	\$ (216,588)	\$ (148,280)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities					
Depreciation and Net Amortization	15,424	918		10,124	26,466
(Increase) Decrease in Accounts Receivable	(57,725)			692	(57,033)
(Increase) Decrease in Inventories		(1,008)			(1,008)
Increase (Decrease) in Accounts Payable	3,381	(78)		(281)	3,022
Increase (Decrease) in Deferred Revenue					-
Increase (Decrease) in Interfunds Payable		328			328
Increase (Decrease) in Accrued Salaries	(306)			1,290	984
Total Adjustments	(39,226)	160	-	11,825	(27,241)
Net Cash Provided by (Used for) Operating Activities	\$ 31,796	\$ (2,554)	\$ -	\$ (204,763)	\$ (175,521)

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Internal Service Funds
Combining Statement of Net Assets
June 30, 2013

	Internal Service Funds	
	Extra Services	Totals
ASSETS		
Current Assets:		
Receivables from Other Governments	\$ 15,762	\$ 15,762
Total Current Assets	15,762	15,762
Total Assets	\$ 15,762	\$ 15,762
LIABILITIES		
Current Liabilities:		
Interfunds Payable	\$ 10,210	\$ 10,210
Total Current Liabilities	10,210	10,210
NET POSITION		
Unrestricted	5,552	5,552
Total Net Position	\$ 5,552	\$ 5,552

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2013

	Internal Service Funds	
	Extra Services	Totals Internal Service
Operating Revenues:		
Charges for Services Provided to Students:		
Extra Services Above Contracts	\$ 56,400	\$ 56,400
Total Operating Revenue	<u>56,400</u>	<u>56,400</u>
Operating Expenses:		
Salaries	42,777	42,777
Benefits	8,071	8,071
Total Operating Expenses	<u>50,848</u>	<u>50,848</u>
Operating Income (Loss)	5,552	5,552
Nonoperating Revenues (Expenses):		
None	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	-	-
Income (Loss) before Contributions & Transfers	<u>5,552</u>	<u>5,552</u>
Transfers In (Out)	<u>-</u>	<u>-</u>
Changes in Net Position	5,552	5,552
Total Net Position - Beginning	<u>-</u>	<u>-</u>
Total Net Position - Ending	<u><u>\$ 5,552</u></u>	<u><u>\$ 5,552</u></u>

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2013

	Internal Service Funds	
	Extra Services	Totals Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from School Districts - Extra Services	\$ 49,038	\$ 49,038
Payments to Employees	(42,777)	(42,777)
Payments for Employee Benefits	(8,071)	(8,071)
Net Cash Provided by (Used for) Operating Activities	<u>(1,810)</u>	<u>(1,810)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Subsidies and Transfers from Other Funds	1,810	1,810
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>1,810</u>	<u>1,810</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
None	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES		
None		-
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	-
Balance - Beginning of Year	-	-
Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 5,552	\$ 5,552
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:		
(Increase) Decrease in Accounts Receivable	(7,362)	(7,362)
Increase (Decrease) in Interfunds Payable	1,810	1,810
Total Adjustments	<u>(5,552)</u>	<u>(5,552)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ -</u>	<u>\$ -</u>

FIDUCIARY FUNDS DETAIL STATEMENTS

Trust funds are used to account for gifts and bequests to the school district for a specific purpose.

Unemployment Fund - This trust fund is an expendable trust fund and limits expenses set aside for this purpose in current and prior budgets and contributions from employee withholding in prior years.

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

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

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2013

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 117,823	\$ 126,636	\$ 244,459
Total Assets	<u>117,823</u>	<u>126,636</u>	<u>244,459</u>
LIABILITIES			
Accounts Payable	941	-	941
Payable to Student Groups	-	21,943	21,943
Payroll Deductions & Withholdings	-	104,693	104,693
Total Liabilities	<u>941</u>	<u>126,636</u>	<u>127,577</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	\$ <u>116,882</u>		<u>116,882</u>
Total Net Assets			<u>116,882</u>
Total Liabilities and Net Position			\$ <u><u>244,459</u></u>

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2013

	Unemployment Compensation Trust	Totals
ADDITIONS		
Contributions:		
Enterprise Funds	\$ 34,864	\$ 34,864
Total Contributions	34,864	34,864
Investments Earnings:		
Interest	583	583
Net Investment Earnings	583	583
Total Additions	35,447	35,447
Deductions		
Unemployment Claims	15,056	15,056
Total Deductions	15,056	15,056
Change in Net Position	20,391	20,391
Net Position - Beginning of the Year	96,491	96,491
Net Position - End of the Year	\$ 116,882	\$ 116,882

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>June 30, 2013</u>
Ocean Academy Elementary School	\$ 4,281	\$	12,199	\$	10,276	\$	6,204
Alternative High School	12,379		53,696		50,336		15,739
Total Assets	<u>\$ 16,660</u>	<u>\$</u>	<u>65,895</u>	<u>\$</u>	<u>60,612</u>	<u>\$</u>	<u>21,943</u>

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>June 30, 2013</u>
ASSETS:							
Cash and Cash Equivalents	\$ 100,503	\$	5,141,996	\$	5,137,806	\$	104,693
Total Assets	<u>\$ 100,503</u>	<u>\$</u>	<u>5,141,996</u>	<u>\$</u>	<u>5,137,806</u>	<u>\$</u>	<u>104,693</u>
LIABILITIES:							
Payroll Deductions & Withholding	\$ 100,503	\$	5,141,221	\$	5,137,031	\$	104,693
Accounts Payable	-		775		775		-
Total Assets	<u>\$ 100,503</u>	<u>\$</u>	<u>5,141,996</u>	<u>\$</u>	<u>5,137,806</u>	<u>\$</u>	<u>104,693</u>

Statistical Section

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 447,013	\$ 488,070	\$ 484,320	\$ 452,562	\$ 407,942	\$ 402,688	\$ 354,181	\$ 841,833	\$ 1,457,231	\$ 1,476,610
Restricted	19,320	29,490	28,607	1	210,025	572,405	822,019	984,263	166,589	143,783
Unrestricted	1,367,198	1,148,430	1,145,221	1,341,436	1,547,689	1,737,070	1,378,245	181,489	860,085	961,671
Total governmental activities net position	\$ 1,833,531	\$ 1,665,990	\$ 1,658,148	\$ 1,793,999	\$ 2,165,656	\$ 2,712,163	\$ 2,554,445	\$ 2,007,585	\$ 2,483,905	\$ 2,582,064
Business-type activities										
Invested in capital assets, net of related debt	\$ 222,549	\$ 213,164	\$ 250,866	\$ 227,484	\$ 201,881	\$ 340,589	\$ 284,071	\$ 246,661	\$ 207,428	\$ 210,764
Restricted	604,293	588,396	736,329	1,289,860	1,657,644	1,832,645	1,868,157	2,119,964	2,235,173	2,498,067
Unrestricted	826,842	801,560	987,195	1,517,344	1,859,525	2,173,234	2,152,228	2,366,625	2,442,601	2,708,631
Total business-type activities net position	\$ 1,653,684	\$ 1,603,120	\$ 1,974,390	\$ 3,034,688	\$ 3,691,030	\$ 4,314,468	\$ 4,304,456	\$ 4,733,250	\$ 4,685,202	\$ 5,417,462
District-wide										
Invested in capital assets, net of related debt	\$ 669,562	\$ 701,234	\$ 735,186	\$ 680,046	\$ 609,823	\$ 743,277	\$ 638,252	\$ 1,068,494	\$ 1,664,659	\$ 1,667,374
Restricted	19,320	29,490	28,607	1	210,025	572,405	822,019	984,263	166,589	143,783
Unrestricted	1,971,491	1,736,826	1,881,550	2,631,296	3,205,333	3,569,715	3,246,402	2,301,453	3,095,258	3,459,738
Total district net position	\$ 2,660,373	\$ 2,467,550	\$ 2,645,343	\$ 3,311,343	\$ 4,025,181	\$ 4,885,397	\$ 4,706,673	\$ 4,374,210	\$ 4,926,506	\$ 5,290,895

Source: CAFR Schedule A-1

Note: Previous year have been recaptioned to conform to current terminology

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Instruction:										
Special education	\$ 4,678,142	\$ 4,570,762	\$ 5,114,989	\$ 5,531,114	\$ 5,245,151	\$ 5,451,382	\$ 5,587,321	\$ 5,568,860	\$ 5,719,315	\$ 5,760,886
Other instruction	1,429,627	1,466,836	1,535,465	1,438,943	1,382,445	1,506,454	1,558,452	1,514,644	1,345,408	1,397,302
Support Services:										
Student & instruction related services	2,537,837	2,470,873	2,705,758	2,859,661	2,581,417	2,438,084	2,430,011	2,427,201	2,344,928	2,472,502
General administrative/Business services	952,072	1,106,583	1,186,952	1,255,303	1,072,912	980,214	971,306	902,168	820,795	831,714
School administrative services	716,751	658,332	615,360	601,161	527,488	577,281	582,680	636,080	514,030	510,425
Plant operations and maintenance	1,613,267	1,651,233	1,762,258	2,146,184	2,034,444	1,971,779	1,971,807	2,003,860	1,984,942	2,027,214
Unallocated depreciation	92,093	68,373	53,800	46,014	44,620	45,298	25,272	24,224	25,895	-
Total governmental activities expenses	12,019,790	12,022,932	12,974,582	13,878,399	12,888,477	13,106,493	13,126,821	13,077,037	12,755,313	13,000,043
Business-type activities:										
Food service	476,057	469,682	479,237	382,799	341,676	327,449	306,599	291,398	248,600	254,556
Lineman services	1,509,188	1,679,969	1,765,139	1,901,468	1,854,292	1,905,205	2,007,068	2,093,384	2,318,968	2,304,061
Transportation services	1,491,354	1,851,915	1,823,401	1,837,698	1,920,393	1,914,067	2,036,107	1,836,685	1,933,313	1,842,056
Other	1,936,317	2,090,989	2,136,539	1,810,645	1,653,918	1,748,487	1,754,660	1,472,782	1,492,086	1,587,193
Total business-type activities expenses	5,412,916	6,092,554	6,224,316	5,932,610	5,770,279	5,895,209	6,104,434	5,992,967	5,992,967	5,987,886
Total district expenses	17,432,706	18,115,486	19,198,897	19,811,009	18,658,757	19,001,702	19,231,254	18,771,266	18,748,280	18,987,929
Program Revenues										
Governmental activities:										
Operating grants and contributions	\$ 865,381	\$ 687,030	\$ 966,500	\$ 1,520,974	\$ 1,667,728	\$ 1,251,046	\$ 1,069,569	\$ 1,163,437	\$ 1,294,808	\$ 1,460,342
Charges for services:	7,111,916	7,226,038	8,158,629	8,459,243	7,445,480	8,145,268	7,475,894	6,851,524	7,340,644	7,657,761
Total governmental activities program revenues	7,977,297	7,913,068	9,125,129	9,989,217	9,113,208	9,396,314	8,545,463	8,014,961	8,635,452	9,128,103
Business-type activities:										
Charges for services:										
Food service	151,601	123,222	103,233	40,155	55,174	72,333	73,639	67,431	65,398	61,915
Shared services										
Lineman services	1,659,588	1,764,956	1,960,160	2,190,590	1,994,580	1,994,122	2,128,661	2,131,822	2,241,669	2,304,199
Transportation services	1,559,824	1,924,512	1,858,415	1,821,077	1,928,988	1,941,292	2,099,336	1,924,027	1,967,877	1,981,693
Other	2,037,158	2,166,469	2,086,526	2,112,135	1,884,641	1,936,127	1,475,807	1,356,876	1,462,282	1,525,559
Operating grants and contributions	97,870	121,518	98,135	94,784	104,168	104,189	324,758	318,303	324,546	324,784
Capital grants and contributions										
Total business-type activities program revenue	5,505,041	6,120,676	6,106,469	6,258,742	5,967,551	6,048,063	6,102,202	5,798,559	6,061,772	6,198,150
Total district program revenue	13,482,338	14,033,744	15,231,598	16,238,959	15,080,759	15,444,377	14,647,665	13,813,520	14,697,224	15,326,253
Net (Expense)/Revenue										
Governmental activities	\$ (4,042,493)	\$ (4,109,924)	\$ (3,849,453)	\$ (3,898,182)	\$ (3,775,269)	\$ (3,710,179)	\$ (4,581,368)	\$ (5,062,076)	\$ (4,119,861)	\$ (3,871,940)
Business-type activities	92,125	28,122	(117,847)	326,132	197,271	152,854	(2,232)	104,331	68,905	210,264
Total district-wide net expense	\$ (3,950,368)	\$ (4,081,802)	\$ (3,967,300)	\$ (3,572,050)	\$ (3,577,998)	\$ (3,557,325)	\$ (4,583,599)	\$ (4,957,744)	\$ (4,051,055)	\$ (3,661,676)

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Assets										
Governmental activities:										
County appropriation	\$ 3,172,751	\$ 3,267,934	\$ 3,431,331	\$ 3,499,957	\$ 3,674,956	\$ 3,821,954	\$ 3,974,832	\$ 3,974,832	\$ 3,974,832	\$ 3,974,832
Unrestricted grants and contributions	-	15,000	-	-	102,570	47,364	86,972	45,321	36,385	15,905
Investment earnings	10,606	19,872	43,391	97,865	512,245	417,390	53,379	422,219	331,045	40,252
Miscellaneous income	514,297	538,099	685,464	621,954	512,245	44,532	399,855	184,190	283,918	-
Capital contributions (Uses)	(258,080)	54,390	(288,574)	(200,000)	(142,844)	(100,000)	(91,389)	(107,701)	-	(60,890)
Transfers								(3,644)		
Gain/(Loss) on Disposal of Capital Assets										
Total governmental activities	3,439,573.76	3,895,295.37	3,841,611.47	4,034,030.90	4,146,926.86	4,231,239.83	4,423,650.33	4,515,216.43	4,596,179.15	3,970,099.00
Business-type activities:										
Investment earnings	441	986	4,908	4,018	2,066	813	750	2,365	2,916	1,757
Transfers	258,080	(54,390)	298,574	200,000	142,844	100,000	(19,523)	107,701	4,254	60,890
Gain/(Loss) on Disposal of Capital Assets										
Total business-type activities	258,521	(53,404)	303,482	204,018	144,910	100,813	(19,773)	110,066	7,170	62,647
Total district-wide	\$ 3,698,095	\$ 3,841,891	\$ 4,145,093	\$ 4,238,049	\$ 4,291,837	\$ 4,332,053	\$ 4,403,877	\$ 4,625,283	\$ 4,603,349	\$ 4,032,746
Changes in Net Assets	\$ (602,919)	\$ (214,629)	\$ (7,841)	\$ 135,849	\$ 371,658	\$ 521,061	\$ (157,717)	\$ (546,860)	\$ 476,318	\$ 98,159
Governmental activities	350,646	(25,282)	185,634	530,149	342,181	253,667	(21,005)	214,397	75,975	266,231
Business-type activities	(252,273)	(239,911)	(177,793)	(665,999)	(713,839)	(774,728)	(178,722)	(332,463)	(552,294)	(364,390)
Total district	\$ (252,273)	\$ (239,911)	\$ (177,793)	\$ (665,999)	\$ (713,839)	\$ (774,728)	\$ (178,722)	\$ (332,463)	\$ (552,294)	\$ (364,390)

Source: CAFR Schedule A-2

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Fund Balances, Governmental Funds,
Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,442	\$ 64,325	\$ -
Committed	-	-	-	-	-	-	-	16,449	77,193	140,061
Assigned	-	-	-	-	-	-	-	499,425	-	403,722
Unassigned	19,320	29,490	28,607	1	210,025	572,405	822,019	1,057,806	1,297,160	-
Reserved	1,779,647	1,566,045	1,602,340	1,778,630	2,000,335	2,220,219	1,938,228	-	-	-
Unreserved	1,798,966	1,595,535	1,630,947	1,778,631	2,210,360	2,792,625	2,760,248	1,636,122	1,438,678	1,533,691
Total general fund	\$ 1,798,966	\$ 1,595,535	\$ 1,630,947	\$ 1,778,631	\$ 2,210,360	\$ 2,792,625	\$ 2,760,248	\$ 1,636,122	\$ 1,438,678	\$ 1,533,691
All Other Governmental Funds										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,071	\$ -
Committed	-	-	-	-	-	-	-	-	-	-
Assigned to	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	405,948	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	427,482	340,482	153,824	153,824	146,180	-	-	25,071	-
Total all other governmental funds	\$ -	\$ 427,482	\$ 340,482	\$ 153,824	\$ 153,824	\$ 146,180	\$ -	\$ 405,948	\$ 25,071	\$ -

Source: CAFR Schedule B-1

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
County appropriation	\$ 3,172,751	\$ 3,267,934	\$ 3,431,331	\$ 3,499,957	\$ 3,674,956	\$ 3,821,954	\$ 3,974,832	\$ 3,974,832	\$ 3,974,832	\$ 3,974,832
Tuition charges	7,111,916	7,226,038	8,158,629	8,322,723	7,346,480	8,145,268	7,443,173	7,156,231	6,912,197	7,308,861
Nonresident fees	494,620	510,360	599,477	555,107	481,433	402,442	350,132	348,211	298,956	302,500
Miscellaneous	46,775	79,085	244,385	260,858	183,408	162,480	159,257	208,291	140,849	107,732
County - capital		1,994,810								
State sources	815,573	1,665,745	782,208	1,280,371	1,477,167	934,691	922,944	1,081,213	1,356,901	1,319,983
Federal sources	33,317	6,396	49,285	158,713	140,535	253,073	177,433	171,452	119,450	88,784
Total revenue	11,674,952	14,750,368	13,265,315	14,077,729	13,303,979	13,719,908	13,027,771	12,946,230	12,803,185	13,102,692
Expenditures										
Instruction:										
Special education instruction	3,486,639	3,401,996	3,747,825	3,823,628	3,597,684	3,995,260	3,995,627	3,882,341	4,004,744	3,857,854
Other instruction	1,038,958	1,107,853	1,114,555	980,217	936,659	1,077,229	1,107,663	1,054,102	907,779	931,961
Support Services:										
Student & instruction related services	1,880,354	1,893,198	1,978,104	1,966,045	1,794,250	1,759,938	1,750,770	1,713,016	1,605,379	1,667,474
General & business administrative services	741,710	845,504	919,040	910,865	741,202	743,449	735,577	685,980	604,231	621,115
School administrative services	523,136	491,950	440,552	409,665	382,695	420,348	416,318	436,630	369,598	346,368
Plant operations and maintenance	1,537,176	1,608,534	1,639,208	1,954,242	1,825,513	1,916,895	1,774,926	1,809,157	1,745,047	1,752,043
Pupil transportation										
Unallocated employee benefits	2,785,435	2,660,345	3,069,424	3,797,046	3,502,303	3,087,637	3,233,813	3,430,029	3,468,593	3,729,705
Special schools										
Capital outlay	-	2,571,327	109,621	200,914	-	44,532	45,454	503,171	643,420	65,340
Total Expenditures	11,993,408	14,580,707	13,018,329	14,042,622	12,780,306	13,045,288	13,060,148	13,514,426	13,348,791	12,971,860
Excess (Deficiency) of revenues over (under) expenditures	(318,456)	169,661	246,986	35,107	523,673	674,620	(32,377)	(568,196)	(545,606)	130,832
Other Financing Sources (Uses),										
Transfers in										
Transfers out		334,000	(288,574)	125,918	50,900	(100,000)	-	648,000	(32,715)	25,071
Capital Authorization Canceled	(258,080)	(279,610)		(200,000)	(142,844)		(146,180)	(797,984)		(85,961)
Capital leases										
Total other financing sources (uses)	(258,080)	54,390	(288,574)	(74,082)	(91,944)	(100,000)	(146,180)	(149,984)	(32,715)	(60,890)
Net change in fund balances	\$ (576,536)	\$ 224,051	\$ (51,588)	\$ (38,975)	\$ 431,729	\$ 574,620	\$ (178,557)	\$ (718,180)	\$ (578,321)	\$ 69,942

Source: CAFR Schedule B-2

Exhibit J-5

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
General Fund Other Local Revenue by Source,
Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Non-Resident Fees	E- Rate	Miscellaneous	Totals
2004	10,331	7,111,916	494,620		19,952	7,636,819
2005	19,872	7,226,038	510,360		27,739	7,784,009
2006	43,391	8,158,629	599,477		200,994	9,002,490
2007	97,865	8,322,723	555,107	27,821	39,026	9,042,542
2008	102,570	7,346,480	481,433	29,097	1,715	7,961,294
2009	47,364	8,145,268	402,442	36,661	4,522	8,636,256
2010	53,379	7,443,173	350,132	36,282	13,441	7,896,407
2011	45,321	7,156,231	348,211	45,839	28,169	7,623,771
2012	36,385	6,912,197	298,956	28,871	3,218	7,279,627
2013	15,905	7,308,861	302,500	36,993	3,259	7,667,518

Source: District Records

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Demographic and Economic Statistics,
Last Ten Fiscal Years**

Exhibit J-14

Fiscal Year Ended June 30,	(a) Population	(b) Personal Income (thousands of dollars)	© Per Capita Personal Income	(d) Unemployment Rate
2004	99,920	3,847,919,200	38,510	6.8%
2005	98,558	3,943,896,928	40,016	6.4%
2006	97,814	4,101,145,392	41,928	6.8%
2007	96,700	4,289,612,000	44,360	6.5%
2008	96,470	4,509,683,090	46,747	8.0%
2009	96,091	4,420,666,455	46,005	11.4%
2010	97,250	4,619,180,500	47,498	13.3%
2011	96,601	4,703,889,094	48,694	12.5%
2012	96,304	4,689,426,976	48,694	13.4%
2013	96,304	4,689,426,976	48,694	13.4%

Source:

- (a) U.S. Bureau of Census - Population Division - Cape May County
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (c) Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Full-Time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

Exhibit J-16

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction:	116	97	109	93	95	95	97	90	86	81
Special education instruction										
Support Services:	42	34	30	23	23	28	28	27	26	25
Student & instruction related services	7	4	4	4	3	4	3	3	3	3
General administrative services	10	9	8	8	7	7	7	7	7	7
School administrative services	5	5	5	5	4	4	4	4	4	4
Business administrative services	11	12	12	12	11	12	12	12	12	12
Plant operations and maintenance										
Total	191	160	167	145	143	150	151	143	138	132

Source: District Personnel Records

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Operating Statistics,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADE)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Overall	District				
2004	344	12,251,488	35,615	-3.44%	108	2.8:1		300	260	-2.85%	86.65%
2005	344	12,288,990	35,724	0.31%	97	3.2:1		306	267	1.73%	87.27%
2006	348	13,207,282	37,952	6.24%	109	2.7:1		296	265	-3.11%	89.53%
2007	348	14,041,708	40,350	6.32%	93	3.2:1		290	260	-2.06%	89.66%
2008	339	12,923,150	38,121	-5.52%	95	3.5:1		330	298	13.79%	90.30%
2009	330	13,100,756	39,699	4.14%	95	3.5:1		317	277	-3.94%	87.38%
2010	322	13,014,694	40,418	1.81%	97	3.3:1		315	278	-0.63%	88.25%
2011	277	12,363,255	44,633	10.43%	90	3.3:1		285	250	-9.68%	87.70%
2012	289	12,738,086	44,076	-1.25%	86	3.3:1		293	258	2.99%	88.05%
2013	264	12,906,520	48,888	10.92%	81	3.1:1		275	242	-6.14%	88.00%

Source: District records, ASSA and Schedules J-12, J-14

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
 (A Component Unit of the County of Cape May)
 School Building Information,
 Last Ten Fiscal Years

Exhibit J-18

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
166,208	166,208	166,208	166,208	166,208	166,208	166,208	166,208	166,208	166,208	166,208
400	400	400	400	400	400	400	400	400	400	400
344	344	348	348	348	339	330	322	277	238	264

District Buildings

Elementary,Middle,High School

CMC Special Services
 Square Feet
 Capacity (students)
 Enrollment

Number of Schools at June 30, 2013
 Elementary - 1
 Middle - 1
 Other - 1

Source: District Records, ASSA

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
 (A Component Unit of the County of Cape May)
 General Fund
 Schedule of Required Maintenance for School Facilities,
 Last Ten Fiscal Years
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project#(s)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Special Services - One Building		\$ 319,277	\$ 302,421	\$ 344,190	\$ 526,050	\$ 446,422	\$ 450,160	\$ 345,379	\$ 351,530	\$ 325,380	\$ 334,978
Total School Facilities		319,277	302,421	344,190	526,050	446,422	450,160	345,379	351,530	325,380	334,978
Other Facilities											
Grand Total		\$ 319,277	\$ 302,421	\$ 344,190	\$ 526,050	\$ 446,422	\$ 450,160	\$ 345,379	\$ 351,530	\$ 325,380	\$ 334,978

Source: District Records

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Insurance Schedule
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Exhibit J-20

Company and Type of Coverage	Amount of Coverage	Deductible
New Jersey School Boards Association Insurance Group		
Package Policy		
I Property		
Blanket Real & Personal Property - per occurrence	\$ 400,000,000	\$ 1,000
Blanket Extra Expense	50,000,000	1,000
Blanket Valuable Papers & Records	10,000,000	1,000
Demolition and Increased Cost of Construction	10,000,000	
Fire Department Service Charge	10,000	
Arson Reward	10,000	
Pollutant Cleanup and Removal	250,000	
Contingent Liability		
Flood - per occurrence/NJSBAIG annual aggregate - Zone A & V	10,000,000	500,000
Flood - per occurrence/NJSBAIG annual aggregate - All Other Zones	50,000,000	10,000
Earthquake - per occurrence/NJSBAIG annual aggregate	50,000,000	
Increased Cost of Construction/Demolition		
Terrorism - per occurrence/NJSBAIG annual aggregate	1,000,000	
II Electronic Data Processing		
Blanket Hardware/Software	556,000	1,000
Blanket Extra Expense	Included	
Coverage Extensions:		
Transit	25,000	
Loss of Income	10,000	
III Equipment Breakdown		
Combined Single Limit per Accident for Property Damage & Expense	100,000,000	1,000
Property Damage	Included	
Off Premises Property Damage	100,000	
Business Income	Included	
Extra Expense	10,000,000	
Service Interruption	10,000,000	
Perishable Goods	500,000	
Data Restoration	100,000	
Contingent Business Income	100,000	
Demolition	1,000,000	
Ordinance or Law	1,000,000	
Expediting Expenses	500,000	
Hazardous Substances	500,000	
Newly Acquired Locations	250,000	
Terrorism	Included	
IV Crime		
Public Employee Dishonesty with Faithful Performance	250,000	1,000
Theft, Disappearance and Destruction - Loss of Money and Securities on or off Premises	100,000	1,000
Forgery or Alteration	250,000	1,000
Public Officials Bond - Board Secretary/Business Administrator	2,000	500
Public Officials Bond - Board Treasurer	200,000	1,000

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
Insurance Schedule
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Exhibit J-20

Company and Type of Coverage	Amount of Coverage	Deductible
V Comprehensive General Liability		
Bodily Injury & Property Damage - Combined Single Limit	\$ 16,000,000	\$
Premises & Operations		
Bodily Injury from Products & Operations - Annual Aggregate	16,000,000	
Sexual Abuse - Annual Aggregate	17,000,000	
Personal Injury & Advertising Injury - Per Occurrence/Annual Aggregate	16,000,000	
Employee Benefit Liability - Per Claim/Annual Aggregate	16,000,000	1,000
Premises Medical Payments - Per Accident	10,000	
Terrorism - per occurrence	1,000,000	
VI Automobile		
Liability		
Combined Single Limits for Bodily Injury & Property Damage	16,000,000	
Uninsured/Under insured Mootrists	1,000,000	
Personal Injury Protection	250,000	
Medical Payments	10,000	
Terrorism	1,000,000	
Workers Compensation		
Bodily Injury by Accident - Per Accident	2,000,000	
Bodily Injury by Disease - Per Employee	2,000,000	
Bodily Injury by Disease - Agreement Limit	2,000,000	
Umbrella Liability		
Each Occurrence	10,000,000	
Aggregate	10,000,000	
Self Insured Retention	10,000	
Volunteer Workers		
Maximum Amount	500,000	
Errors & Omissions		
Coverage A		
Limit of Liability - Each Policy Period	16,000,000	5,000
Coverage B		
Limit of Liability - Each Claim	100,000	5,000
Each Policy Period	300,000	

Source: District records.

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Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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K-1 INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Cape May County Schools for Special Services School District
(a component unit of the County of Cape May)
Cape May Court House, New Jersey

We have audited the basic financial statements of the Board of Education of the Cape May County Schools for Special Services School (a component unit of the County of Cape May), State of New Jersey, as of and for the fiscal year ended June 30, 2013, and have issued our report thereon dated September 6, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cape May County Schools for Special Services' (a component unit of the County of Cape May) 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 Cape May County Schools for Special Services' (a component unit of the County of Cape May) internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

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

Compliance and Other Matters

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

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

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

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Licensed Public School Accountant
No. 853

September 6, 2013



FORD - SCOTT

& ASSOCIATES, L.L.C.

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K-2 INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of Board of Education
Cape May County Schools for Special Services
(a component unit of the County of Cape May)
Cape May Court House, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Cape May County Schools for Special Services (a component unit of the County of Cape May), State of New Jersey compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013. The Board of Education of the Cape May County Schools for Special Services' (a component unit of the County of Cape May) major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Cape May County Schools for Special Services (a component unit of the County of Cape May) major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Cape May County Schools for Special Services (a component unit of the County of Cape May) compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Cape May County Schools for Special Services (a component unit of the County of Cape May) compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Cape May County Schools for Special Services (a component unit of the County of Cape May) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 04-04

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund of the Cape May County Schools for Special Services (a component unit of the County of Cape May) as of and for the year ended June 30, 2013, and have issued our report thereon dated September 6, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Licensed Public School Accountant
No. 853

September 6, 2013

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CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
 (A Component Unit of the County of Cape May)
Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Grant Amount	Balance June 30, 2012	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education													
General Fund:													
Medical Assistance Program	93.778	-	7/1/2012	27,476	-	-	-	27,476	(27,476)	-	-	-	-
Total General Fund				27,476	-	-	-	27,476	(27,476)	-	-	-	-
U.S. Department of Labor (Passed through Atlantic- Workforce Investment Board)													
Special Revenue Fund:													
In School Youth Grant-CMC High School	17.250	K08.207	7/1/2012	99,985	-	-	-	44,986	(58,762)	-	(13,776)	3,854	-
In School Youth Grant-CMC High School	17.250	K08.207	7/1/2011	99,985	(5,863)	-	-	12,283	(2,546)	-	-	-	-
Total Special Revenue Fund				199,970	(5,863)	-	-	57,249	(61,308)	-	(13,776)	3,854	-
U.S. Department of Agriculture													
Passed-Through State													
Enterprise Funds:													
Child Nutrition Program Cluster:													
School Breakfast Program - Severe	10.553		7/1/2012	14,067	-	-	-	14,067	(14,067)	-	-	-	-
School Breakfast Program - Severe	10.553		7/1/2011	37,651	(1,958)	-	-	35,276	(37,651)	-	(2,375)	-	-
Supplemental Nutrition Assistance	10.553		7/1/2012	1,855	-	-	-	1,855	(1,520)	-	(109)	-	-
National School Lunch Program	10.555		7/1/2012	66,623	-	-	-	62,731	(66,623)	-	(3,892)	-	-
National School Lunch Program	10.555		7/1/2011	67,481	(3,170)	-	-	3,170	-	-	-	-	-
Total Child Nutrition Program Cluster:				187,077	(5,128)	-	-	104,546	(105,794)	-	(6,376)	-	-
Total Enterprise Funds				187,077	(5,128)	-	-	118,613	(119,861)	-	(6,376)	-	-
Total Federal Financial Awards				\$ 387,023	\$ (10,991)	\$ -	\$ -	\$ 203,338	\$ (208,645)	\$ -	\$ (20,152)	\$ 3,854	\$ -

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

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
 (A Component Unit of the County of Cape May)
 Schedule of Expenditures of State Financial Assistance
 For the Year Ended June 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance at June 30, 2013		MEMO
				Deferred Revenue/ (Acctg Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue/ Interfund Payable	
State Department of Education												
General Fund:												
TPAF Social Security Contributions	13-100-034-5095-002	7/1/2012 - 6/30/2013	\$ 442,123	\$ -	\$ -	\$ -	\$ 421,465	\$ (442,123)	\$ -	\$ (20,658)	\$ -	\$ 442,123
Total General Fund							\$ 421,465	\$ (442,123)	\$ -	\$ (20,658)	\$ -	\$ 442,123
Special Revenue Fund:												
State Department of Community Affairs												
Passed through County of Cape May												
Recreational Opportunities for Individuals with Disabilities	ROID	7/1/2012 - 6/30/2012	13,920	(9,600)	-	-	9,600	(15,861)	-	(15,861)	-	9,600
Recreational Opportunities for Individuals with Disabilities	ROID	7/1/2013 - 6/30/2013	15,861	-	-	-	9,600	(15,861)	-	(15,861)	-	15,861
Total Special Revenue Fund							\$ 9,600	\$ (15,861)	\$ -	\$ (15,861)	\$ -	\$ 25,461
State Department of Agriculture												
Enterprise Funds:												
Food Service Fund:												
Child Nutrition Program Cluster (State):												
National School Lunch Program (State Share)	12-100-010-3350-023	7/1/2011 - 6/30/2012	1,628	(74)	-	-	74	(1,540)	-	(92)	-	1,540
National School Lunch Program (State Share)	11-100-010-3350-023	7/1/2012 - 6/30/2013	1,540	-	-	-	1,448	(1,540)	-	(92)	-	1,540
Total Child Nutrition Program Cluster (State)							\$ 1,522	\$ (1,540)	\$ -	\$ (92)	\$ -	\$ 1,540
State Department of Human Services												
Division of Developmental Disabilities												
Over 21 Adult Day Health Care Program	02EA13S	7/1/2012 - 6/30/2013	203,383	(2,572)	-	-	203,383	(203,383)	295	(2,277)	-	203,383
Over 21 Adult Day Health Care Program	10EA1S	7/1/2009 - 6/30/2010	203,383	-	-	-	204,905	(204,923)	295	(2,369)	-	204,923
Total Enterprise Funds							\$ 635,970	\$ (662,907)	\$ 295	\$ (38,888)	\$ -	\$ 672,507
Total State Financial Assistance							\$ 635,970	\$ (662,907)	\$ 295	\$ (38,888)	\$ -	\$ 672,507

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2013**

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state award programs of the Board of Education, Cape May County Schools for Special Services. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary of accounting with the exception of programs recorded in the enterprise funds, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) and 1(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$0 for the general fund and \$625 for the special revenue fund. See *Notes to Required Supplementary Information* for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general fund and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>TPAF Pension</u>	<u>Total</u>
General Fund	\$ 27,476	\$ 1,304,122	\$ (861,998)	\$ 469,600
Special Revenue Fund	61,308	15,861		77,169
Enterprise Funds	<u>119,861</u>	<u>204,923</u>		<u>324,784</u>
Total Financial Award Revenues	<u>\$ 208,645</u>	<u>\$ 1,524,906</u>	<u>\$ (861,998)</u>	<u>\$ 871,553</u>

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2012
(CONTINUED)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension and TPAF post-retirement contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2013. These amounts, \$404,552 and \$457,446 respectively are reported in the basic financial statements as both a revenue and expenditure of the District. These amounts are not reported on the schedule of state financial assistance and were not considered for major program determination. TPAF social security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013. This amount, \$442,124 is reported in the basic financial statements as both a revenue and expenditure of the District. This amount is reported on the schedule of state financial assistance.

NOTE 6. ADJUSTMENTS

The District has instances where a grant period overlaps fiscal years and the grant has not closed out as of the end of the current fiscal year. Both favorable and unfavorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in the prior year are included in the schedule(s) of financial assistance in a column entitled "Adjustments."

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

1) Material weakness(es) identified? _____ Yes X No

2) Significant deficiencies identified? _____ Yes X No

Non-compliance material to basic financial statements noted? _____ Yes X No

Federal Awards Not Applicable – No Federal Single Audit is required

Internal Control over major programs:

1) Material weakness(es) identified: _____ Yes _____ No

2) Significant deficiencies identified? _____ Yes _____

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ Yes _____ No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

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

Auditee qualified as low-risk auditee? _____ Yes _____ No

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

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

Internal Control over major programs:

1) Material weakness(es) identified? Yes X No

2) Significant deficiencies identified Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? Yes X No

Identification of major programs:

GMIS Number(s)

02EA13S

Name of State Program

New Jersey Dept. of Human Services
Over 21 Adult Day Care Program

Section II - Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

Section III - Findings and Questioned Costs for Federal and State Awards

FEDERAL AWARDS:

None

STATE AWARDS:

None

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2013

STATUS OF PRIOR YEAR FINDINGS**Finding 2012-1;**

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators to the NJ Department of Treasury was not filed.

Criteria:

State statutes require the E-CERT1 to be filed for school administrators (superintendent, assistant superintendents and business administrator) annually.

Condition:

The District never filed the E-CERT1 for 2011 due March 15, 2012.

Questioned Costs:

There are no questioned costs related to this finding.

Context:

The District is not in compliance with the state statute requiring E-CERT.

Effect:

Noncompliance with laws and regulations.

Cause:

This was an oversight by the former School Business Administrator.

Recommendation:

The Board of Education should designate someone to prepare and submit the certification as required by N.J.S.A. 18A:14.4 and submit E-CERT1.

Status of Finding:

Corrective action has been taken.

Finding 2012-2;

The District did not update the fixed asset reports to reflect the roof improvement completed in 2012 and a generator purchased in 2011.

Criteria:

The fixed asset report should be updated annually to include all capital improvements of the District and associated depreciation expense.

Condition:

The fixed asset additions did not include the roof improvement to the Middle School and the generator system.

Questioned Costs:

These additions amount to \$1,111,797.47.

Context:

Audit adjustments were made to include these capital items in the FY 2012 financial statements.

CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES
(A Component Unit of the County of Cape May)
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2013
(CONTINUED)

STATUS OF PRIOR YEAR FINDINGS

Effect:

This is a significant deficiency in internal control over financial reporting for fixed assets.

Recommendation:

All capital improvements and purchase of equipment must be included in the fixed asset accounting system

Status of Finding:

Corrective action has been taken

FEDERAL PROGRAMS

There were no prior year findings.

STATE PROGRAMS

There were no prior year findings.