

**CAMDEN COUNTY
EDUCATIONAL SERVICES COMMISSION**



CLEMENTON, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	2
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9
FINANCIAL SECTION	
Independent Auditor's Report	11
Required Supplementary Information - Part I Management's Discussion and Analysis	17
Basic Financial Statements	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	27
A-2 Statement of Activities	28
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	30
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	32
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Proprietary Funds:	
B-4 Statement of Net Position	34
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	36
B-6 Statement of Cash Flows	37
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	38
B-8 Statement of Changes in Fiduciary Net Position	39
Notes to the Financial Statements	40
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	68
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	72
C-3 Budgetary Comparison Schedule - Notes to Required Supplementary Information	73

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Table of Contents (Cont'd)

	Page
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions	
L-1 Schedule of the Commission's Proportionate Share of the Net Pension Liability – PERS	75
L-2 Schedule of the Commission's Contributions – PERS	76
L-3 Schedule of the Commission's Proportionate Share of the Net Pension Liability – TPAF	77
L-4 Schedule of the Commission's Contributions – TPAF	78
L-5 Notes to the Required Supplementary Information	79
Required Supplementary Information - Part IV	
L-6 Schedule of Funding Progress for Health Benefits Plan	N/A
L-7 Notes to the Required Supplementary Information - Part IV	N/A
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	82
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances	N/A
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance and Project Status	N/A
F-2b Statement of Project Revenues, Expenditures, Project Balance and Project Status	N/A

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Table of Contents (Cont'd)

	Page
Other Supplementary Information (Cont'd)	
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Statement of Net Position	84
G-2 Statement of Revenues, Expenses and Changes in Fund Net Position	86
G-3 Statement of Cash Flows	87
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	89
H-2 Combining Statement of Changes in Fiduciary Net Position	90
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
H-4 Payroll and Agency Fund Schedule of Receipts and Disbursements	91
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Lease Purchase Agreement Payable – Business-Type Activities	93
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1 Net Position by Component	96
J-2 Changes in Net Position	97
J-3 Fund Balances - Governmental Funds	99
J-4 Changes in Fund Balances - Governmental Funds	100
J-5 General Fund Unrestricted Miscellaneous Revenues by Source	101

Revenue Capacity

J-6a Schedule of Charges for Services by Source	103
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers	N/A
J-9 Property Tax Levies and Collections	N/A

Debt Capacity

J-10 Ratios of Outstanding Debt by Type	105
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Direct and Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Table of Contents (Cont'd)

STATISTICAL SECTION (Unaudited) (Cont'd)	Page
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	107
J-15 Principal Employers	N/A
Operating Information	
J-16 Full-time Equivalent Commission Employees by Function/Program	109
J-17 Operating Statistics	N/A
J-18 School Building Information	110
J-19 Schedule of Required Maintenance Expenditures by School Facility	N/A
J-20 Insurance Schedule	111
 SINGLE AUDIT SECTION 	
K-1 Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	14
K-2 Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required By the State of New Jersey Circular 15-08-OMB	113
K-3 Schedule of Expenditures of Federal Awards, Schedule A	115
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	117
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	119
K-6 Schedule of Findings and Questioned Costs	121
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	126

INTRODUCTORY SECTION



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

W. Patrick Madden
**School Business Administrator/
Board Secretary**

October 20, 2016

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

Dear Board of Directors:

The comprehensive annual financial report of the Camden County Educational Services Commission for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Camden County Educational Services Commission. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the Commission's organizational chart and a list of principal officials. The financial section includes the financial statements and schedules, as well as the auditor's report therein. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Commission is required to undergo an annual single audit in conformity with the provisions of the State of New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

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

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

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	NON-PUBLIC AND	
<u>YEAR</u>	<u>TRANSPORTATION</u>	<u>SPECIAL SERVICES</u>
2015-2016	11,075 students	121,758 services
2014-2015	10,582 students	47,723 services

2. **ECONOMIC CONDITION AND OUTLOOK:** The recent history of reduced funding for public education by the state and increased restrictions on fund balance have forced school districts to find creative and more cost effective ways to meet their obligations. In response, the Camden County Educational Services Commission continues to expand and seek opportunities to assist member districts. By coordinating and providing efficient programs and services at the county-level, school districts are relieved of the associated administrative burdens and realize cost savings that reduce local property taxes. The Commission continues to form partnerships and build relationships where stakeholders routinely look to the Commission for assistance in fulfilling their mission to educate the youth of Camden County.
3. **MAJOR INITIATIVES:** Since its inception in 1979, coordinated transportation services and non-public school programs have dominated the Commission's activities.

On July 1, 2013 the Commission embarked on a shared services plan with the Camden City School District to coordinate all of its transportation services. The impact on revenue and operations at the Commission was significant. The revenue growth to the Commission from 2013 to 2014 for transportation grew from \$13.6 million to \$24.3 million. In the 2014-2015 school year transportation revenue grew to \$27.3 million.

This shared service agreement continues to be a main source of revenue for the Commission, with transportation revenue for the year ending June 30, 2016 of \$30.03 million, an increase of 10% over the prior year.

The Commission continually looks to improve efficiencies and processes through the use of information technologies. In order to increase productivity, limit customer service disruptions and provide for disaster recovery, the Commission analyzes and upgrades its network infrastructure on a regular basis. These upgrades are necessary to meet the growing customer demands and the added staff necessary for scaling to operational efficiency.

Future growth is important to the viability of the Commission. As such, the growth plan must include strategies to decrease exposure to revenue concentration by developing alternative service offers. In order to execute on these strategies, new service offers may be fulfilled by direct services, purchased services, or strategic partnerships. The current growth plan targets expansion in Purchased Services, expansion of the commissions Cooperative Pricing System and establishing a comprehensive Transition Program for county students.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance on June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS: The Commission's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standard Board (GASB). The accounting system of the Commission is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.
7. CASH MANAGEMENT: The investment policy of the Commission is guided in large part by state statute as detailed in "Notes to Financial Statements", Note 2. The Commission has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Commission carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.
9. INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP has been selected by the Board of Directors to conduct our audit. In addition to meeting the requirements of the State of New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the 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.

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Board of Directors of the Camden County Educational Services Commission for their concern in providing fiscal accountability to the citizens and taxpayers of our member districts and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

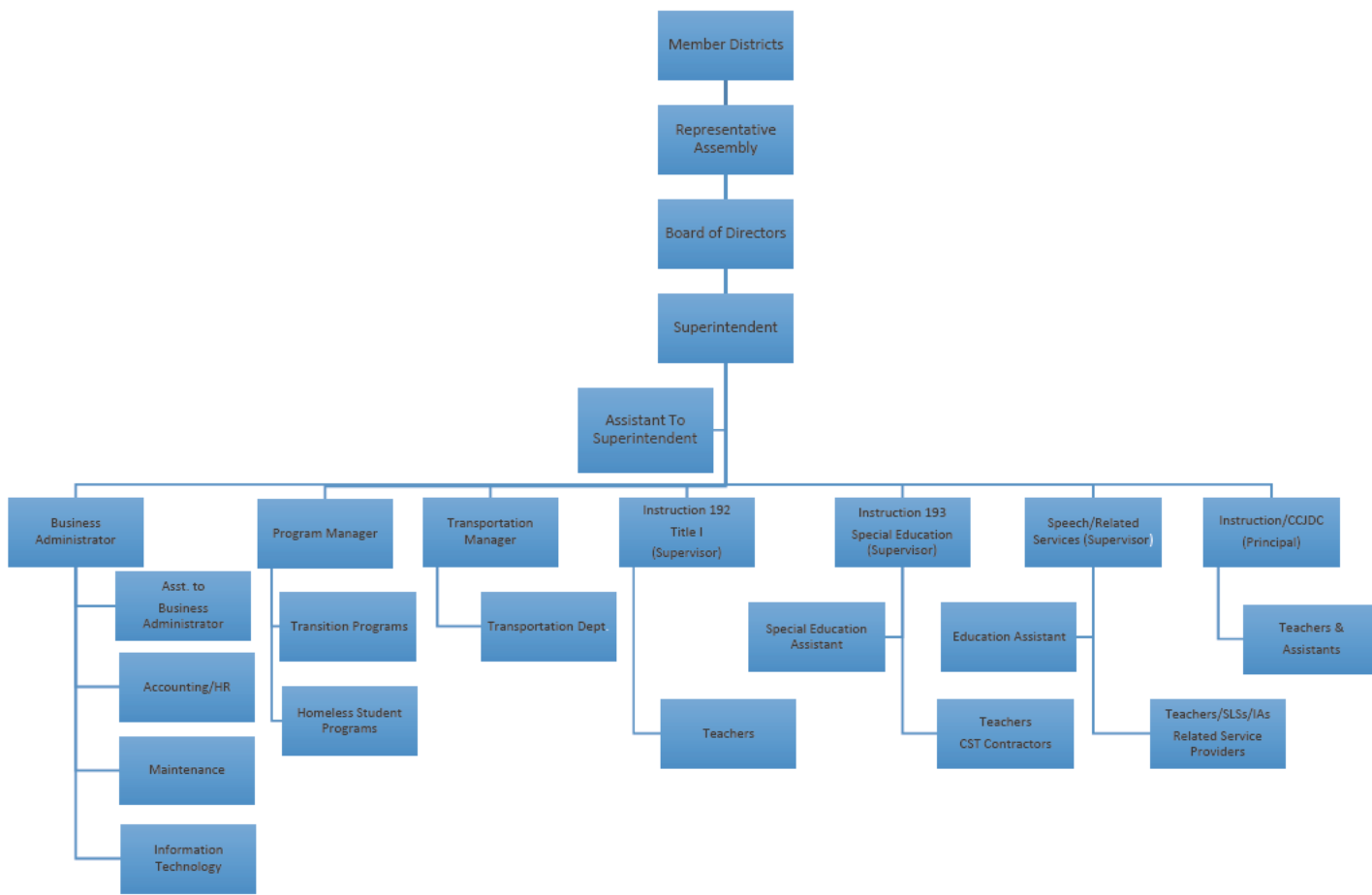
Respectfully submitted,



Daniel Del Vecchio
Superintendent



W. Patrick Madden
Business Administrator /
Board Secretary



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

Roster of Officials

June 30, 2016

<u>Members of the Board of Directors</u>	<u>District</u>	<u>Term Expires</u>
Joyce A. Miller	Gibbsboro	2017
Doris Walsh	Laurel Springs	2017
Jennifer Storer	Black Horse Pike Regional	2017
Kathy Judge	Cherry Hill	2017
Marianne Brown	Audubon	2017
Dr. Richard Teichman	Eastern Regional	2017
Linda Gilch	Gloucester Township	2017
Rebecca Ammen	Magnolia	2017
Alethia Gibbs-Smith	Lindenwold	2017
Brian Davis	Berlin Township	2017
Michelle Goshaw	Berlin Boro	2017
Christopher McKelvey	Clementon	2017
Lois Parker	Pine Hill	2017
Julie Peterson	Winslow	2017
Samantha Spampolski-Spaulding	Runnemede	2017

Officers

Joyce A. Miller, President	2017
Doris Walsh, Vice President	2017
Dr. Richard Teichman, Treasurer	2017

Other Officials

Daniel Del Vecchio , Superintendent

W. Patrick Madden, Business Administrator / Board Secretary

Robert Muccilli, Attorney

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

Consultants and Advisors

June 30, 2016

Auditor

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

Solicitor/Negotiator

Robert A. Muccilli
Capehart & Scatchard
8000 Midlantic Drive, Suite 300S
Mt. Laurel, New Jersey 08054

Health Insurance Broker/Insurance Risk Manager

Brown and Brown Consulting Group
24 Arnett Avenue Suite 110
Lambertville, New Jersey 08530

Hardenbergh Insurance Group
8000 Sagemore Drive Suite 8101
Marlton, New Jersey 08053

Architect

Garrison Architects
713 Creek Road
Bellmawr, New Jersey 08031

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Camden County Educational Services Commission, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Camden County Educational Services Commission, in the County of Camden, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Camden County Educational Services Commission's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section, and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2016, on our consideration of the Camden County Educational Services Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Camden County Educational Services Commission's internal control over financial reporting and compliance.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

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

Voorhees, New Jersey
October 20, 2016



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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Camden County Educational Services Commission, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 20, 2016.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Camden County Educational Services Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

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

Voorhees, New Jersey
October 20, 2016

REQUIRED SUPPLEMENTARY INFORMATION
PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

As management of the Camden County Educational Services Commission (hereafter referred to as the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Commission's financial performance.

FINANCIAL HIGHLIGHTS

- The net position of the Commission, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled \$7,292,640.08 at the close of the current fiscal year. Of this amount, \$23,043.90 represents net position of governmental activities and \$7,269,596.18 for business-type activities.
- As of the close of the current fiscal year, the Commission's governmental funds did not have ending fund balance, which is a decrease of \$6,073,573.05, or one hundred percent (100%), in comparison with the prior fiscal year. The Commission transferred their transportation services to the enterprise fund effective July 1, 2015, which caused the decrease.
- The Commission's total lease purchase agreement decreased by \$155,099.81 as a result of budgeted payments. Effective July 1, 2015, the balance of the lease purchase agreement is solely recorded in the business-type activities.
- As a result of the transportation services being transferred to the enterprise fund effective July 1, 2015, related capital assets, net of accumulated depreciation in the amount of \$732,244.50 were transferred from governmental activities to business-type activities.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

Reporting the Commission as a Whole

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

USING COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

Reporting the Commission as a Whole (Cont'd)

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

In the statement of net position and the statement of activities, we divide the Commission into two kinds of activities, those being governmental activities and business-type activities. In the governmental activities, this is where all of the Commission's basic services are reported and are supported from intergovernmental revenues. The business-type activities of the Commission include an enterprise fund and are supported from user fees and charges.

Reporting the Commission's Most Significant Funds

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

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

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

USING COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

Reporting the Commission's Most Significant Funds (Cont'd)

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

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

THE COMMISSION AS A WHOLE

During fiscal year 2016, the Commission's net position increased by \$414,384.66, increasing from \$6,878,255.42 in fiscal year 2015 to \$7,292,640.08 in fiscal year 2016. Our analysis that follows focuses on the net position (Table 1) and changes in net position (Table 3) of the Commission's governmental-type activities and business-type activities.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Government-wide Totals</u>		<u>Government-wide</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Current and Other Assets	\$ 1,683.72	\$ 6,183,820.91	\$ 7,741,401.09	\$ 794,064.28	\$ 7,743,084.81	\$ 6,977,885.19	\$ 765,199.62	11.0%
Capital Assets	26,142.79	757,508.90	3,809,104.62	3,242,375.04	3,835,247.41	3,999,883.94	(164,636.53)	-4.1%
Total Assets	<u>27,826.51</u>	<u>6,941,329.81</u>	<u>11,550,505.71</u>	<u>4,036,439.32</u>	<u>11,578,332.22</u>	<u>10,977,769.13</u>	<u>600,563.09</u>	5.5%
Deferred Outflows of Resources	-	-	1,092,624.00	460,291.00	1,092,624.00	460,291.00	632,333.00	137.4%
Other Liabilities	1,683.72	115,865.30	563,202.53	262,031.91	564,886.25	377,897.21	186,989.04	49.5%
Long-Term Liabilities Outstanding	3,098.89	294,936.65	4,756,256.00	3,740,132.85	4,759,354.89	4,035,069.50	724,285.39	17.9%
Total Liabilities	<u>4,782.61</u>	<u>410,801.95</u>	<u>5,319,458.53</u>	<u>4,002,164.76</u>	<u>5,324,241.14</u>	<u>4,412,966.71</u>	<u>911,274.43</u>	20.6%
Deferred Inflows of Resources	-	-	54,075.00	146,838.00	54,075.00	146,838.00	(92,763.00)	-63.2%
Net Investment in Capital Assets	26,142.79	469,125.31	2,522,286.47	2,088,840.67	2,548,429.26	2,557,965.98	(9,536.72)	-0.4%
Unrestricted	(3,098.89)	6,061,402.55	4,747,309.71	(1,741,113.11)	4,744,210.82	4,320,289.44	423,921.38	-9.8%
Total Net Position	<u>\$ 23,043.90</u>	<u>\$ 6,530,527.86</u>	<u>\$ 7,269,596.18</u>	<u>\$ 347,727.56</u>	<u>\$ 7,292,640.08</u>	<u>\$ 6,878,255.42</u>	<u>\$ 414,384.66</u>	6.0%

In total, assets increased by \$600,563.09, deferred outflows of resources increased by \$632,333.00, liabilities increased by \$911,274.43, and deferred inflows of resources decreased by \$92,763.00. The increase in assets was primarily attributable to an increase in accounts receivable at fiscal year-end, a direct result of the positive \$414,384.66 change in net position. The net increase in deferred outflows of resources, the net increase in liabilities, and the decrease in deferred inflows of resources, were primarily attributable to the changes in the Commission's pension liabilities (pensions - see note 6 and Table 2 that follows).

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

THE COMMISSION AS A WHOLE (CONT'D)

TABLE 2				
NET POSITION - EFFECT OF PENSION RELATED ITEMS				
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 1,092,624.00	\$ 460,291.00	\$ 632,333.00	137.4%
Less: Net Pension Liability	(3,363,289.00)	(2,463,954.00)	899,335.00	36.5%
Less: Deferred Inflows Related to Pensions	<u>(54,075.00)</u>	<u>(146,838.00)</u>	(92,763.00)	-63.2%
Total Net Position Effect	<u><u>\$ (2,324,740.00)</u></u>	<u><u>\$ (2,150,501.00)</u></u>		

Thirty-five percent (35%), or \$2,548,429.26, of the Commission's total net position at the end of the current fiscal year reflects its net investment in capital assets (i.e., land, buildings, equipment). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The Commission uses these assets to provide educational services to students and other services to local school districts; consequently, these assets are not available for future spending. Although the Commission's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities.

The final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned component of net position. At the end of the current fiscal year, the Commission's unrestricted net position was \$4,744,210.82. Unrestricted fund balance is decreased by the recording of long-term liabilities for lease purchase agreement, compensated absences, and net pension liability. Such long-term liabilities are funded by the Commission on a pay-as-you-go basis. See note 5 in the notes to the financial statements for further detail regarding long-term liabilities.

Table 3 on the next page illustrates the changes in net position of the Commission's governmental-type activities and business-type activities.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

THE COMMISSION AS A WHOLE (CONT'D)

TABLE 3 CHANGES IN NET POSITION								
	Governmental Activities		Business-Type Activities		Government-wide Totals		Government-wide Change % Change	
	2016	2015	2016	2015	2016	2015		
REVENUES:								
Program Revenues:								
Charges for Services	\$ 771,735.71	\$ 28,009,807.28	\$ 38,073,907.62	\$ 7,288,236.96	\$ 38,845,643.33	\$ 35,298,044.24	\$ 3,547,599.09	10.1%
Operating Grants and Contributions	355,593.03	316,788.86	707,948.16	647,481.35	1,063,541.19	964,270.21	99,270.98	10.3%
Capital Grants and Contributions	7,890.95	20,411.95			7,890.95	20,411.95	(12,521.00)	-61.3%
General Revenues:								
Interest and Investment Earnings - Unrestricted		5,290.48			0.00	5,290.48	(5,290.48)	-100.0%
Miscellaneous	23.21	12,580.27	16,790.55	6,697.34	16,813.76	19,277.61	(2,463.85)	-12.8%
Total Revenues	1,135,242.90	28,364,878.84	38,798,646.33	7,942,415.65	39,933,889.23	36,307,294.49	3,626,594.74	10.0%
EXPENSES:								
Instruction	683,891.56	624,284.15			683,891.56	624,284.15	59,607.41	9.5%
Support Services	446,995.57	27,065,514.01			446,995.57	27,065,514.01	(26,618,518.44)	-98.3%
Interest on Long-Term Debt		12,941.23			0.00	12,941.23	(12,941.23)	-100.0%
Enterprise Fund			38,388,617.44	7,817,347.26	38,388,617.44	7,817,347.26	30,571,270.18	391.1%
Total Expenses	1,130,887.13	27,702,739.39	38,388,617.44	7,817,347.26	39,519,504.57	35,520,086.65	3,999,417.92	11.3%
Change in Net Position before Transfers	4,355.77	662,139.45	410,028.89	125,068.39	414,384.66	787,207.84	(372,823.18)	-47.4%
Transfers	(6,511,839.73)	-	6,511,839.73	-	-	-	-	
Change in Net Position after Transfers	(6,507,483.96)	662,139.45	6,921,868.62	125,068.39	414,384.66	787,207.84		
Net Position, July 1	6,530,527.86	5,868,388.41	347,727.56	222,659.17	6,878,255.42	6,091,047.58		
Net Position, June 30	<u>\$ 23,043.90</u>	<u>\$ 6,530,527.86</u>	<u>\$ 7,269,596.18</u>	<u>\$ 347,727.56</u>	<u>\$ 7,292,640.08</u>	<u>\$ 6,878,255.42</u>		

During fiscal year 2016, the Commission's total revenues increased by \$3,626,594.74, increasing from \$36,307,294.49 in fiscal year 2015 to \$39,933,889.23 in fiscal year 2016. The net change in total revenues is largely attributable to the following:

- charges for services - transportation increased from fiscal year 2015 by \$2,721,910.01, or 10%
- charges for services - related services increased from fiscal year 2015 by \$740,581.87, or 206%

Transportation charges constituted approximately seventy-five percent (75%) of total revenues for the Commission for the fiscal year 2016. In addition, nonpublic auxiliary and handicapped services constituted approximately twelve percent (12%) of total revenues for the Commission. Lastly, other charges for services, operating grants and contributions, capital grants and contributions, interest and investment earnings, and miscellaneous income constituted approximately thirteen percent (13%) of total revenues for the Commission.

During fiscal year 2016, the Commission's total expenses increased by \$3,999,417.92, increasing from \$35,520,086.65 in fiscal year 2015 to \$39,519,504.57 in fiscal year 2016. The net increase is largely attributable to the following:

- an increase in transportation costs for support services in the amount of \$2,665,851.44, or 10%, attributable to increase in transportation billings
- an increase in salaries in the amount of \$1,094,649.02, or 22%, attributable to increase in related service billings

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

THE COMMISSION'S FUNDS

Governmental Funds

As previously mentioned, effective July 1, 2015, the Commission transferred the transportation services to the enterprise fund. As a result, the Commission transferred the governmental funds *combined* fund balance of \$6,073,573.05 as of June 30, 2015 to the enterprise fund.

General fund - The general fund is the general operating fund of the Commission and is used to account for the inflows and outflows of its financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, the general fund did not have unassigned fund balance.

During the current fiscal year, the Commission's revenue decreased by \$27,248,098.45. The primary factor affecting the decrease in revenue of the general fund is as follows:

- transportation revenues were recorded in the enterprise fund effective July 1, 2015
- tuition revenues increased from fiscal year 2015 by \$68,954.49, or 10%

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

Capital projects fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities, other than those financed by the proprietary funds. Generally, the financial resources of the capital projects fund are derived from the issuance of debt. There was no activity in the capital projects fund during the fiscal year ended June 30, 2016.

Debt service fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. There was no activity in the capital projects fund during the fiscal year ended June 30, 2016.

Proprietary Funds

Enterprise Fund - as the Commission completed the fiscal year, the Commission's total net position of the enterprise fund was \$7,269,596.18, which was comprised of \$2,522,286.47 of net investment in capital assets and unrestricted net position in the amount of \$4,747,309.71.

During the current fiscal year, the net position of the Commission's enterprise fund increased by \$6,921,868.62. The increase is primarily due to the equity transfer of \$6,511,839.73 transferred from the governmental activities. See note 12 in the notes to the financial statements for further detail regarding the equity transfer.

General Fund Budgetary Highlights

The Commission had budget modifications during the fiscal year ended June 30, 2016 due to the transfer of the transportation services.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

THE COMMISSION'S FUNDS (CONT'D)

General Fund Budgetary Highlights (Cont'd)

The final budgetary basis revenue estimate was \$898,250.00, compared to the original budgeted estimate of \$25,766,550.00. Total budgeted revenues realized equaled \$906,495.71, which was \$8,245.71 in excess of the budget estimate. This excess was directly attributable to the Commission's reimbursed T.P.A.F. pension contributions (normal cost and post-retirement medical) and reimbursed T.P.A.F. social security contributions, which totaled \$88,928.25, and \$45,808.54, respectively.

The final budgetary basis expenditure appropriation estimate was \$898,250.00, compared to the original budgeted estimate of \$25,766,550.00. Actual expenditures incurred of \$906,472.50 were over the final budget estimate by \$8,222.50, directly a result of the expenditures related to the aforementioned reimbursed T.P.A.F. pension contributions (normal cost and post-retirement medical) and reimbursed T.P.A.F. social security contributions, which totaled \$88,928.25, and \$45,808.54, respectively.

Special Revenue Fund Budgetary Highlights

The final budgetary basis revenue estimate was \$250,323.00, which remained unchanged from the original budgeted estimate. Likewise, this was the same for the final budgetary basis appropriation estimate.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Commission's net investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to a historical cost of \$6,034,798.42, or \$3,835,247.41 net of accumulated depreciation (see Table 4). This net investment in capital assets includes land, land improvements, buildings and building improvements, machinery and equipment, and vehicles. Net capital assets decreased by \$164,636.53 in fiscal year 2016 from fiscal year 2015. The primary factors affecting the net change in net capital assets are as follows:

- current year depreciation expense was \$206,341.90
- capital asset additions in the amount of \$42,861.71

TABLE 4 CAPITAL ASSETS AT FISCAL YEAR END (NET OF ACCUMULATED DEPRECIATION)						
	Governmental Activities		Business-Type Activities		Government-wide Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 58,380.00	\$ 291,900.00	\$ 233,520.00	\$ 291,900.00	\$ 291,900.00	\$ 291,900.00
Land Improvements	3,382.11	10,444.24	13,528.43	10,444.24	10,444.24	16,910.54
Buildings and Building Improvements	588,790.87	3,337,580.40	2,863,670.36	3,337,580.40	3,337,580.40	3,452,461.23
Machinery and Equipment	\$ 26,142.79	60,752.96	94,367.27	53,521.26	120,510.06	114,274.22
Vehicles	46,202.96	74,812.71	78,134.99	74,812.71	74,812.71	124,337.95
Total	\$ 26,142.79	\$ 757,508.90	\$ 3,809,104.62	\$ 3,242,375.04	\$ 3,835,247.41	\$ 3,999,883.94

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

Debt

Lease Purchase Agreement. At the end of the current fiscal year, the Commission had a lease purchase agreement outstanding in the amount of \$1,286,818.15. The annual principal payment during the fiscal year 2016 was \$155,099.81 (refer to audit exhibit I-2, schedule of lease purchase agreement payable – business-type activities, for more detail).

Net Pension Liability. The Commission's annual required contribution to the Public Employees' Retirement System are paid on an annual basis. For additional details on the net pension liability, see note 6 to the financial statements.

Compensated Absences. At the end of the current fiscal year, the liability for compensated absences was \$109,247.74. Compensated absences are those absences for which employees will be paid, such as sick leave. Additional information on compensated absences can be found in note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year 2016, the Commission was able to sustain its budget through transportation fees, tuition, federal and state sources, and other various revenue sources. The Commission will continue to grow and develop services based upon the needs of its member districts. Any future programs offered will be the direct result of cooperation between its member districts and the Commission.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Statement of Net Position

June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents		\$ 326,708.19	\$ 326,708.19
Internal Balances	\$ (320,240.96)	320,240.96	
Accounts Receivable	321,924.68	7,094,451.94	7,416,376.62
Capital Assets, net	26,142.79	3,809,104.62	3,835,247.41
Total Assets	<u>27,826.51</u>	<u>11,550,505.71</u>	<u>11,578,332.22</u>
DEFERRED OUTFLOW OF RESOURCES:			
Related to Pension	-	1,092,624.00	1,092,624.00
Total Deferred Outflows of Resources	<u>-</u>	<u>1,092,624.00</u>	<u>1,092,624.00</u>
LIABILITIES:			
Accounts Payable	1,683.72	256,307.28	257,991.00
Accrued Wages		281,829.25	281,829.25
Accrued Interest Payable		25,066.00	25,066.00
Noncurrent Liabilities:			
Due within One Year	1,045.47	198,165.80	199,211.27
Due beyond One Year	2,053.42	4,558,090.20	4,560,143.62
Total Liabilities	<u>4,782.61</u>	<u>5,319,458.53</u>	<u>5,324,241.14</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions	-	54,075.00	54,075.00
Total Deferred Inflows of Resources	<u>-</u>	<u>54,075.00</u>	<u>54,075.00</u>
NET POSITION:			
Net Investment in Capital Assets	26,142.79	2,522,286.47	2,548,429.26
Unrestricted (Deficit)	<u>(3,098.89)</u>	<u>4,747,309.71</u>	<u>4,744,210.82</u>
Total Net Position	<u>\$ 23,043.90</u>	<u>\$ 7,269,596.18</u>	<u>\$ 7,292,640.08</u>

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 683,891.56	\$ 771,735.71	\$ 142,011.87	\$ 7,890.95	\$ 237,746.97		\$ 237,746.97
Support Services:							
Student and Instruction Related Services	195,624.27		88,979.42		(106,644.85)		(106,644.85)
School Administrative Services	15,512.68				(15,512.68)		(15,512.68)
Personal Services - Employee Benefits	235,858.62		124,601.74		(111,256.88)		(111,256.88)
Total Governmental Activities	<u>1,130,887.13</u>	<u>771,735.71</u>	<u>355,593.03</u>	<u>7,890.95</u>	<u>4,332.56</u>	<u>-</u>	<u>4,332.56</u>
Business-Type Activities:							
Enterprise Fund	<u>38,388,617.44</u>	<u>38,073,907.62</u>	<u>707,948.16</u>			\$ 393,238.34	<u>393,238.34</u>
Total Business-Type Activities	<u>38,388,617.44</u>	<u>38,073,907.62</u>	<u>707,948.16</u>	<u>-</u>	<u>-</u>	<u>393,238.34</u>	<u>393,238.34</u>
Total Primary Government	<u>\$ 39,519,504.57</u>	<u>\$ 38,845,643.33</u>	<u>\$ 1,063,541.19</u>	<u>\$ 7,890.95</u>	<u>4,332.56</u>	<u>393,238.34</u>	<u>397,570.90</u>
General Revenues:							
Miscellaneous					23.21	16,790.55	16,813.76
Transfers					(6,511,839.73)	6,511,839.73	
Total General Revenues					<u>(6,511,816.52)</u>	<u>6,528,630.28</u>	<u>16,813.76</u>
Change in Net Position					<u>(6,507,483.96)</u>	<u>6,921,868.62</u>	<u>414,384.66</u>
Net Position, July 1					<u>6,530,527.86</u>	<u>347,727.56</u>	<u>6,878,255.42</u>
Net Position, June 30					<u>\$ 23,043.90</u>	<u>\$ 7,269,596.18</u>	<u>\$ 7,292,640.08</u>

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

FUND FINANCIAL STATEMENTS

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Governmental Funds

Balance Sheet

June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Intergovernmental Accounts Receivable:					
Federal		\$ 45,868.24			\$ 45,868.24
State	\$ 2,201.63				2,201.63
Other	273,854.81				273,854.81
	<u>276,056.44</u>	<u>\$ 45,868.24</u>	<u>-</u>	<u>-</u>	<u>\$ 321,924.68</u>
Total Assets					
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfunds Account Payable:					
Enterprise Fund	\$ 274,475.38	\$ 45,765.58			\$ 320,240.96
Fiduciary Funds	1,236.75				1,236.75
Intergovernmental Accounts Payable:					
Other	26.10				26.10
Accounts Payable	318.21	102.66			420.87
	<u>276,056.44</u>	<u>45,868.24</u>	<u>-</u>	<u>-</u>	<u>321,924.68</u>
Total Liabilities					
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 276,056.44</u>	<u>\$ 45,868.24</u>	<u>-</u>	<u>-</u>	

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Governmental Funds

Balance Sheet

June 30, 2016

Total
Governmental
Funds

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$71,484.90, and the accumulated depreciation is \$45,342.11.

\$ 26,142.79

Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds.

(3,098.89)

Net Position of Governmental Activities

\$ 23,043.90

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Tuition from Other LEAs within the State	\$ 771,735.71				\$ 771,735.71
Unrestricted Miscellaneous Revenues	23.21				23.21
Federal Sources		\$ 238,882.24			238,882.24
State Sources	134,736.79				134,736.79
Total Revenues	906,495.71	238,882.24	-	-	1,145,377.95
EXPENDITURES:					
Current:					
Regular Instruction	541,389.88	142,011.87			683,401.75
Support Services and Undistributed Costs:					
Student and Instruction Related Services	99,546.77	88,979.42			188,526.19
School Administrative Services	16,000.00				16,000.00
Personal Services - Employee Benefits	249,535.85				249,535.85
Capital Outlay		7,890.95			7,890.95
Total Expenditures	906,472.50	238,882.24	-	-	1,145,354.74
Excess (Deficiency) of Revenues over Expenditures	23.21	-	-	-	23.21
OTHER FINANCING SOURCES (USES):					
Transfers - Enterprise Fund	(6,073,596.26)				(6,073,596.26)
Total Other Financing Sources and Uses	(6,073,596.26)	-	-	-	(6,073,596.26)
Net Change in Fund Balances	(6,073,573.05)	-	-	-	(6,073,573.05)
Fund Balance, July 1	6,073,573.05	-	-	-	6,073,573.05
Fund Balance, June 30	-	-	-	-	-

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2016

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

Net Change in Fund Balances - Governmental Funds		\$ (6,073,573.05)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (7,012.56)	
Capital Outlays	<u>7,890.95</u>	
		878.39
Equity Transfer related to Capital Assets, Accrued Interest Payable, and Lease Purchase Agreement Payable.		(438,243.47)
<p>In the statement of activities, certain operating expenses, (e.g., compensated absences) are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). This amount is the net effect of these differences in the treatment of these items.</p>		
		<u>3,454.17</u>
Change in Net Position of Governmental Activities		<u><u>\$ (6,507,483.96)</u></u>

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Proprietary Fund
Business-Type Activities - Enterprise Fund
Statement of Net Position
June 30, 2016

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 326,708.19
Interfund Accounts Receivable:	
General Fund	274,475.38
Special Revenue Fund	45,765.58
Fiduciary Fund	11.62
Intergovernmental Accounts Receivable:	
State	82,373.10
Other	<u>7,012,067.22</u>

Total Current Assets 7,741,401.09

Noncurrent Assets:

Capital Assets	5,963,313.52
Less: Accumulated Depreciation	<u>(2,154,208.90)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>3,809,104.62</u>

Total Noncurrent Assets 3,809,104.62

Total Assets 11,550,505.71

DEFERRED OUTFLOWS OF RESOURCES:

Related to Pensions 1,092,624.00

LIABILITIES:

Current Liabilities:

Intergovernmental Accounts Payable:	
Other	1,047.84
Accounts Payable	255,259.44
Accrued Wages	281,829.25
Accrued Interest Payable	25,066.00
Compensated Absences Payable	36,474.25
Lease Purchase Agreement Payable	<u>161,691.55</u>

Total Current Liabilities 761,368.33

Noncurrent Liabilities:

Compensated Absences Payable	69,674.60
Lease Purchase Agreement Payable	1,125,126.60
Net Pension Liability	<u>3,363,289.00</u>

Total Noncurrent Liabilities 4,558,090.20

Total Liabilities 5,319,458.53

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Proprietary Fund
Business-Type Activities - Enterprise Fund
Statement of Net Position
June 30, 2016

DEFERRED INFLOWS OF RESOURCES:

Related to Pensions	<u>\$ 54,075.00</u>
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NET POSITION:

Net Investment in Capital Assets	2,522,286.47
Unrestricted	<u>4,747,309.71</u>
Total Net Position	<u><u>\$ 7,269,596.18</u></u>

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Proprietary Fund
Business-Type Activities - Enterprise Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

OPERATING REVENUES:

Charges for Services:

Transportation Services	\$ 30,028,936.07
Nonpublic Auxiliary and Handicapped Services	4,783,795.66
Educational Services	1,324,372.47
Related Services	1,100,016.48
Child Study Team Evaluations	594,186.43
Home Instruction Services	146,002.50
McKinney-Vento Services	74,798.19
Nursing Services	21,799.82

General:

Miscellaneous	16,790.55
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Total Operating Revenues	<u>38,090,698.17</u>
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OPERATING EXPENSES:

Personnel Services - Salaries	5,427,633.22
Personnel Services - Employee Benefits	2,227,167.63
Purchased Professional and Technical Services	1,511,677.66
Purchased Property Services	9,748.56
Other Purchased Services	28,732,212.65
Supplies and Materials	132,407.99
Depreciation	199,329.34
Miscellaneous Expenditures	88,383.18
Other Objects	640.90

Total Operating Expenses	<u>38,329,201.13</u>
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Operating Income (Loss)	<u>(238,502.96)</u>
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NONOPERATING REVENUES (EXPENSES):

State Sources:

On-Behalf T.P.A.F. Pension Contributions - Normal Cost	172,595.90
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical	273,898.90
Reimbursed T.P.A.F. Social Security Contributions	261,453.36
Interest Expense	(58,259.97)
Loss on Disposal of Capital Assets	(1,156.34)

Total Nonoperating Revenues (Expenses)	<u>648,531.85</u>
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Income (Loss) before Transfers	410,028.89
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TRANSFERS:

Equity Transfer	<u>6,511,839.73</u>
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Change in Net Position	6,921,868.62
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Net Position, July 1	<u>347,727.56</u>
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Net Position, June 30	<u>\$ 7,269,596.18</u>
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The accompanying notes to financial statements are an integral part of this statement.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Proprietary Fund

Business-Type Activities - Enterprise Fund

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 32,398,533.17
Payments to Suppliers	(30,396,129.87)
Payments to Employees	(5,247,424.10)
Payments for Employee Benefits	<u>(2,028,491.88)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(5,273,512.68)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State Sources	706,580.87
Transfer from / (to) Governmental Activities Fund	5,799,120.88
Transfer from / (to) Special Revenue Fund	<u>(45,765.58)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>6,459,936.17</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchases of Capital Assets	(34,970.76)
Principal Paid on Lease Purchase Debt	(155,099.81)
Interest Paid on Lease Purchase Debt	<u>(61,281.20)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(251,351.77)</u>

Net Increase (Decrease) in Cash and Cash Equivalents 935,071.72

Cash and Cash Equivalents, July 1 (608,363.53)

Cash and Cash Equivalents, June 30 \$ 326,708.19

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ (238,502.96)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	199,329.34
(Increase) Decrease in Interfund Accounts Receivable	(11.62)
(Increase) Decrease in Intergovernmental Accounts Receivable	(5,690,645.21)
Increase (Decrease) in Intergovernmental Accounts Payable	(1,508.16)
Increase (Decrease) in Accounts Payable	104,550.06
Increase (Decrease) in Accrued Wages	195,532.50
Increase (Decrease) in Compensated Absences Payable	(16,495.63)
Increase (Decrease) in Net Pension Liability	<u>174,239.00</u>

Net Cash Provided by (Used for) Operating Activities \$ (5,273,512.68)

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Fiduciary Funds
 Statement of Fiduciary Net Position
 June 30, 2016

	Private-Purpose Trust Funds	Agency Funds
	<u>Flexible Benefits Trust</u>	<u>Payroll</u>
ASSETS:		
Cash and Cash Equivalents	\$ 17,539.99	\$ 895.05
Interfund Accounts Receivable:		
General Fund	1,236.75	
Total Assets	18,776.74	\$ 895.05
LIABILITIES:		
Interfund Accounts Payable:		
Enterprise Fund	1.33	\$ 10.29
Payroll Deductions and Withholdings		884.76
Total Liabilities	1.33	\$ 895.05
NET POSITION:		
Held in Trust for Other Purposes	<u>\$ 18,775.41</u>	

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Fiduciary Funds
 Statement of Changes in Fiduciary Fund Net Position
 For the Fiscal Year Ended June 30, 2016

	<u>Private-Purpose Trust Funds</u>
	<u>Flexible Benefits Trust</u>
ADDITIONS:	
Contributions:	
Other	\$ 33,992.94
Total Additions	<u>33,992.94</u>
DEDUCTIONS:	
Claims	<u>22,736.66</u>
Total Deductions	<u>22,736.66</u>
Change in Net Position	11,256.28
Net Position, July 1	<u>7,519.13</u>
Net Position, June 30	<u><u>\$ 18,775.41</u></u>

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

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

The primary criterion for including activities within the Commission's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Commission. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Commission over which the Board exercises operating control.

Component Units

In evaluating how to define the Commission for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

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

Based upon the application of these criteria, the Commission has no component units, and is not a component unit of another governmental agency.

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Commission to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

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

The Commission reports the following major governmental funds:

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

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

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

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

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, serial bonds, or from the general fund by way of transfers from capital outlay or the capital reserve account.

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

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

The Commission reports the following major proprietary fund, which is the primary operating fund of the Commission:

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

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

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

The Commission maintains the following fiduciary funds:

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Budgets / Budgetary Control

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

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

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Transportation Fees from Other LEAs Receivable**

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

Tuition Receivable

Tuition charges for the fiscal year ended June 30, 2016 was based on the number of students serviced times the state allotments awarded to the sending school district for students.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2016. As of June 30, 2016, no such prepayments exist.

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

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 Years
Buildings and Building Improvements	7 - 50 Years
Machinery and Equipment	5 - 20 Years
Vehicles	8 Years

The Commission does not possess any infrastructure assets.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources**

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Commission is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Commission's proportion of expenses and liabilities to the pension as a whole, differences between the Commission's pension contribution and its proportionate share of contributions, and the Commission's pension contributions subsequent to the pension valuation measurement date.

Unearned Revenue

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

Accrued Salaries and Wages

The Commission has accrued wages of \$281,829.25 recorded as a result of an arbitration proceeding regarding the settlement of employment contracts.

Compensated Absences

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accrued Liabilities and Long-Term Obligations**

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

Pensions

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

Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources.

Net position is classified into the following three components:

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

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

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

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

Fund Balance

The Commission reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

The Commission's classifications, and policies for determining such classifications, are as follows:

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

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

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

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

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

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

Interfund Activity

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

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

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

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

For the fiscal year ended June 30, 2016, the Commission adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the Commission.

In addition, the Commission adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption of this Statement had no impact on the basic financial statements of the Commission.

Lastly, the Commission adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the Commission.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements during the fiscal year ended June 30, 2016 which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the Commission in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Commission.

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

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the Commission in fiscal year 2018. Management does not expect this Statement will have an impact on the basic financial statements of the Commission.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the Commission in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Commission.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the Commission in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Commission.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement will become effective for the Commission in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Commission.

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the Commission in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the Commission.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement will become effective for the Commission in fiscal year 2018. Management does not expect this Statement will have an impact on the basic financial statements of the Commission.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the Commission in fiscal year 2017. Management does not expect this Statement will have a material impact on the basic financial statements of the Commission.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2016, the Commission's bank balances of \$3,521,390.82 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 3,521,390.82
Uninsured and Uncollateralized	<u>-</u>
Total	<u><u>\$ 3,521,390.82</u></u>

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of reimbursements and intergovernmental awards / grants as well as charges for transportation, tuition, nonpublic auxiliary and handicapped service, and other various services. All receivables are considered collectible in full due to the stable condition of federal and state programs and the regulated budgetary control of governmental entities in New Jersey.

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

<u>Description</u>	<u>Governmental Funds</u>		<u>Proprietary Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Enterprise Fund</u>	<u>Total Business-Type Activities</u>	
Federal Awards		\$ 45,868.24	\$ 45,868.24			\$ 45,868.24
State Awards	\$ 2,201.63		2,201.63	\$ 82,373.10	\$ 82,373.10	84,574.73
Intergovernmental	273,854.81		273,854.81	7,012,067.22	7,012,067.22	7,285,922.03
Fiduciary Fund				11.62	11.62	11.62
	<u>\$ 276,056.44</u>	<u>\$ 45,868.24</u>	<u>\$ 321,924.68</u>	<u>\$ 7,094,451.94</u>	<u>\$ 7,094,451.94</u>	<u>\$ 7,416,376.62</u>

Note 4: CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended June 30, 2016 is as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	\$ 58,380.00		\$ (58,380.00)		
Total Capital Assets, not being Depreciated	58,380.00	-	(58,380.00)	-	-
Capital Assets, being Depreciated:					
Land Improvements	25,865.20		(25,865.20)		
Buildings and Building Improvements	780,799.22		(780,799.22)		
Machinery and Equipment	123,713.35	\$ 7,890.95	(60,119.40)		\$ 71,484.90
Vehicles	68,287.00		(68,287.00)		
Total Capital Assets, being Depreciated	998,664.77	7,890.95	(935,070.82)	-	71,484.90
Total Capital Assets, Cost	1,057,044.77	7,890.95	(993,450.82)	-	71,484.90
Less Accumulated Depreciation for:					
Land Improvements	(22,483.09)		22,483.09		
Buildings and Building Improvements	(192,008.35)		192,008.35		
Machinery and Equipment	(62,960.39)	(7,012.56)	24,630.84		(45,342.11)
Vehicles	(22,084.04)		22,084.04		
Total Accumulated Depreciation	(299,535.87)	(7,012.56)	261,206.32	-	(45,342.11)
Total Capital Assets, being Depreciated, Net	699,128.90	878.39	(673,864.50)	-	26,142.79
Governmental Activities Capital Assets, Net	\$ 757,508.90	\$ 878.39	\$ (732,244.50)	-	\$ 26,142.79

Capital asset activity for business-type activities for the fiscal year ended June 30, 2016 is as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
Business-Type Activities:					
Capital Assets, not being Depreciated:					
Land	\$ 233,520.00		\$ 58,380.00		\$ 291,900.00
Total Capital Assets, not being Depreciated	233,520.00	-	58,380.00	-	291,900.00
Capital Assets, being Depreciated:					
Land Improvements	103,460.80		25,865.20		129,326.00
Buildings and Building Improvements	3,954,519.86		780,799.22		4,735,319.08
Machinery and Equipment	147,539.28	\$ 20,135.76	60,119.40	\$ (16,598.00)	211,196.44
Vehicles	512,450.00	14,835.00	68,287.00		595,572.00
Total Capital Assets, being Depreciated	4,717,969.94	34,970.76	935,070.82	(16,598.00)	5,671,413.52
Total Capital Assets, Cost	4,951,489.94	34,970.76	993,450.82	(16,598.00)	5,963,313.52
Less Accumulated Depreciation for:					
Land Improvements	(89,932.37)	(6,466.30)	(22,483.09)		(118,881.76)
Buildings and Building Improvements	(1,090,849.50)	(114,880.83)	(192,008.35)		(1,397,738.68)
Machinery and Equipment	(94,018.02)	(13,621.97)	(24,630.84)	15,441.66	(116,829.17)
Vehicles	(434,315.01)	(64,360.24)	(22,084.04)		(520,759.29)
Total Accumulated Depreciation	(1,709,114.90)	(199,329.34)	(261,206.32)	15,441.66	(2,154,208.90)
Total Capital Assets, being Depreciated, Net	3,008,855.04	(164,358.58)	673,864.50	(1,156.34)	3,517,204.62
Business-Type Activities Capital Assets, Net	\$ 3,242,375.04	\$ (164,358.58)	\$ 732,244.50	\$ (1,156.34)	\$ 3,809,104.62

Note 4: CAPITAL ASSETS (CONT'D)

Depreciation expense for governmental activities for the fiscal year ended June 30, 2016 that was charged to functions / programs (student and instruction related services) was \$7,012.56.

Depreciation expense for business-type actives for the fiscal year ended June 30, 2016 that was charged to the enterprise fund was \$199,329.34.

Note 5: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due within</u> <u>One Year</u>
Governmental Activities:						
Other Liabilities:						
Lease Purchase Agreement	\$ 288,383.59		\$ (288,383.59)			
Compensated Absences	6,553.06	\$ 2,462.71		\$ (5,916.88)	\$ 3,098.89	\$ 1,045.47
Governmental Activities Long-Term Liabilities	<u>\$ 294,936.65</u>	<u>\$ 2,462.71</u>	<u>\$ (288,383.59)</u>	<u>\$ (5,916.88)</u>	<u>\$ 3,098.89</u>	<u>\$ 1,045.47</u>

Compensated absences are liquidated by the general fund.

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations for business-type activities, in which the enterprise fund is responsible for the liquidation:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due within</u> <u>One Year</u>
Business-Type Activities:						
Other Liabilities:						
Lease Purchase Agreement	\$ 1,153,534.37		\$ 288,383.59	\$ (155,099.81)	\$ 1,286,818.15	\$ 161,691.55
Net Pension Liability	2,463,954.00	\$ 1,413,701.00		(514,366.00)	3,363,289.00	
Compensated Absences	122,644.48	64,457.98		(80,953.61)	106,148.85	36,474.25
Business-Type Activities Long-Term Liabilities	<u>\$ 3,740,132.85</u>	<u>\$ 1,478,158.98</u>	<u>\$ 288,383.59</u>	<u>\$ (750,419.42)</u>	<u>\$ 4,756,256.00</u>	<u>\$ 198,165.80</u>

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

Note 5: LONG-TERM LIABILITIES (CONT'D)**Lease Purchase Agreement (Cont'd) -**

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 161,691.55	\$ 54,689.46	\$ 216,381.01
2018	168,563.44	47,817.56	216,381.00
2019	175,727.38	40,653.62	216,381.00
2020	183,195.80	33,185.20	216,381.00
2021	190,981.62	25,399.38	216,381.00
2022 - 2023	406,658.36	26,103.64	432,762.00
	<u>\$ 1,286,818.15</u>	<u>\$ 227,848.86</u>	<u>\$ 1,514,667.01</u>

Debt Authorized but not Issued - As of June 30, 2016, the Commission had no authorizations to issue additional debt.

Net Pension Liability - For details on the net pension liability, refer to note 6. The Commission's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the enterprise fund on an annual basis.

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid, which is the general fund and enterprise fund. Refer to note 11 for a description of the Commission's policy.

Note 6: PENSION PLANS

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

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions>

General Information about the Pension Plans**Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members.

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Commission, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in SPRS or PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

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

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the Commission and all other related non-contributing employers. No normal or accrued liability contribution by the Commission has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The Commission's contractually required contribution rate for the fiscal year ended June 30, 2016 was 5.05% of the Commission's covered payroll, of which 0.00% of payroll was required from the Commission and 100.00% of payroll was required from the State of New Jersey. The Commission was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the Commission, to the pension plan for the fiscal year ended June 30, 2016 was \$203,054.00, and was paid by April 1, 2016. Commission employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$302,406.15.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Commission's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Commission's contractually required contribution rate for the fiscal year ended June 30, 2016 was 12.80% of the Commission's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the Commission's contractually required contribution to the pension plan for the fiscal year ended June 30, 2016 was \$128,810.00, and was paid by April 1, 2016. Commission employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$91,820.68.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Commission contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the fiscal year ended June 30, 2016, employee contributions totaled \$11,584.00, and the Commission recognized pension expense of \$6,318.72. There were no forfeitures during the fiscal year.

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Teachers' Pension and Annuity Fund - At June 30, 2016, the Commission was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the Commission is as follows:

Commission's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Commission	<u>23,880,268.00</u>
	<u>\$ 23,880,268.00</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. For the June 30, 2015 measurement date, the Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the Commission's proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2015 measurement date, the State's proportionate share of the TPAF net pension liability associated with the Commission was .0377826806%, which was a decrease of .0035498730% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the Commission recognized \$1,458,105.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2015 measurement date.

Public Employees' Retirement System - At June 30, 2016, the Commission reported a liability of \$3,363,289.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the Commission's proportion was .0149825794%, which was an increase of .0018223540% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the Commission recognized pension expense of \$328,651.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2015 measurement date.

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 80,236.00	\$ -
Changes of Assumptions	361,190.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	54,075.00
Changes in Proportion and Differences between Commission Contributions and Proportionate Share of Contributions	496,779.00	-
Commission Contributions Subsequent to the Measurement Date	154,419.00	-
	<u>\$ 1,092,624.00</u>	<u>\$ 54,075.00</u>

\$154,419.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2017	\$ 177,834.00
2018	177,834.00
2019	177,836.00
2020	214,545.00
2021	136,081.00
	<u>\$ 884,130.00</u>

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in Proportion and Differences between Commission Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation	2.50%	3.04%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

Note 6: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2015 are summarized in the following tables:

<u>Asset Class</u>	<u>TPAF</u>		<u>Asset Class</u>	<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%	Cash	5.00%	1.04%
US Government Bonds	1.75%	1.39%	U.S. Treasuries	1.75%	1.64%
US Credit Bonds	13.50%	2.72%	Investment Grade Credit	10.00%	1.79%
US Mortgages	2.10%	2.54%	Mortgages	2.10%	1.62%
US Inflation-Indexed Bonds	1.50%	1.47%	High Yield Bonds	2.00%	4.03%
US High Yield Bonds	2.00%	4.57%	Inflation-Indexed Bonds	1.50%	3.25%
US Equity Market	27.25%	5.63%	Broad U.S. Equities	27.25%	8.52%
Foreign-Developed Equity	12.00%	6.22%	Developed Foreign Equities	12.00%	6.88%
Emerging Markets Equity	6.40%	8.46%	Emerging Market Equities	6.40%	10.00%
Private Real Estate Property	4.25%	3.97%	Private Equity	9.25%	12.41%
Timber	1.00%	4.09%	Hedge Funds/Absolute Return	12.00%	4.72%
Farmland	1.00%	4.61%	Real Estate (Property)	2.00%	6.83%
Private Equity	9.25%	9.15%	Commodities	1.00%	5.32%
Commodities	1.00%	3.58%	Global Debt ex U.S.	3.50%	-0.40%
Hedge Funds - MultiStrategy	4.00%	4.59%	REIT	4.25%	5.12%
Hedge Funds - Equity Hedge	4.00%	5.68%			
Hedge Funds - Distressed	4.00%	4.30%			
				<u>100.00%</u>	
	<u>100.00%</u>				

Note 6: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Discount Rate - The discount rates used to measure the total pension liability were 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and for PFRS, the non-employer contributing entity, will be made based on the average of the last five years of contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Commission's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the Commission's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2015, the pension plans measurement date, attributable to the Commission is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the Commission, using a discount rate of 4.13%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Commission's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Commission	<u>28,380,806.00</u>	<u>23,880,268.00</u>	<u>20,002,785.00</u>
	<u>\$ 28,380,806.00</u>	<u>\$ 23,880,268.00</u>	<u>\$ 20,002,785.00</u>

Public Employees' Retirement System (PERS) - The following presents the Commission's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Commission's Proportionate Share of the Net Pension Liability	<u>\$ 4,180,157.00</u>	<u>\$ 3,363,289.00</u>	<u>\$ 2,678,433.00</u>

Note 6: PENSION PLANS (CONT'D)**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/annrpts.shtml.

Note 7: STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving postemployment medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

Note 8: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, the Commission has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, post-retirement medical costs, and non-contributory insurance related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures for normal costs, post-retirement medical costs, and non-contributory insurance were \$38,667.00, \$48,335.10, and \$1,926.15, respectively in the general fund and \$161,681.05, \$273,898.90, and \$10,914.85, respectively in the enterprise fund.

Note 9: RISK MANAGEMENT

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

Note 9: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool - The Commission is a member of and maintains insurance coverage for property, liability, student accident, and surety bonds through the New Jersey School Boards Association Insurance Group ("NJSBAIG"). The NJSBAIG provides its members with the following coverage:

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

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

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

The NJSBAIG publishes its own financial report for the fiscal year ended June 30, 2016, which can be obtained at www.njsbaig.org.

Note 10: DEFERRED COMPENSATION

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

Note 11: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2016, the liability for compensated absences in the governmental activities and business-type activities was \$3,098.89 and \$106,148.85, respectively.

Note 13: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Commission expects such amount, if any, to be immaterial.

Note 14: CONCENTRATIONS

The Commission depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Commission is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Required Supplementary Information - Part II

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Tuition from Other LEAs within the State	\$ 813,250.00	\$ 85,000.00	\$ 898,250.00	\$ 771,735.71	\$ (126,514.29)
Transportation Fees from Other LEAs	24,949,300.00	(24,949,300.00)			
Unrestricted Miscellaneous Revenues	<u>4,000.00</u>	<u>(4,000.00)</u>		<u>23.21</u>	<u>23.21</u>
Total - Local Sources	<u>25,766,550.00</u>	<u>(24,868,300.00)</u>	<u>898,250.00</u>	<u>771,758.92</u>	<u>(126,491.08)</u>
State Sources:					
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)				40,593.15	40,593.15
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				48,335.10	48,335.10
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				<u>45,808.54</u>	<u>45,808.54</u>
Total - State Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,736.79</u>	<u>134,736.79</u>
Total Revenues	<u>25,766,550.00</u>	<u>(24,868,300.00)</u>	<u>898,250.00</u>	<u>906,495.71</u>	<u>8,245.71</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	520,000.00	70,000.00	590,000.00	540,847.63	49,152.37
Regular Programs - Undistributed Instruction:					
General Supplies	<u>1,000.00</u>	<u>(127.00)</u>	<u>873.00</u>	<u>542.25</u>	<u>330.75</u>
Total Regular Programs - Instruction	<u>521,000.00</u>	<u>69,873.00</u>	<u>590,873.00</u>	<u>541,389.88</u>	<u>49,483.12</u>
Total Instruction	<u>521,000.00</u>	<u>69,873.00</u>	<u>590,873.00</u>	<u>541,389.88</u>	<u>49,483.12</u>

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Required Supplementary Information - Part II

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	\$ 91,800.00	\$ 5,800.00	\$ 97,600.00	\$ 97,600.00	
Other Purchased Services (400-500 Series)	1,000.00	127.00	1,127.00	1,126.77	\$ 0.23
Other Objects	1,000.00		1,000.00	820.00	180.00
Total Undistributed Expenditures - Improvement of Instruction Services	93,800.00	5,927.00	99,727.00	99,546.77	180.23
Undistributed Expenditures - Instructional Staff Training Services:					
Purchased Professional - Educational Services	1,500.00		1,500.00		1,500.00
Other Objects	1,000.00		1,000.00		1,000.00
Total Undistributed Expenditures - Instructional Staff Training Services	2,500.00	-	2,500.00	-	2,500.00
Undistributed Expenditures - Support Services - General Administration:					
Salaries	4,500.00	(4,500.00)			
Legal Services	5,000.00		5,000.00		5,000.00
Communications / Telephone	10,000.00	(10,000.00)			
BOE Other Purchased Services	2,000.00	(2,000.00)			
Miscellaneous Purchased Services (400-500)	10,000.00	(10,000.00)			
Total Undistributed Expenditures - Support Services - General Administration	31,500.00	(26,500.00)	5,000.00	-	5,000.00
Undistributed Expenditures - Central Services:					
Salaries	11,500.00	4,500.00	16,000.00	16,000.00	
Miscellaneous Purchased Services (400-500 Series)	1,500.00	(1,500.00)			
Total Undistributed Expenditures - Central Services	13,000.00	3,000.00	16,000.00	16,000.00	-
Undistributed Expenditures - Security:					
Cleaning, Repair, and Maintenance Services	5,000.00	(5,000.00)			
Total Undistributed Expenditures - Security	5,000.00	(5,000.00)	-	-	-

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Required Supplementary Information - Part II

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	\$ 5,000.00	\$ (5,000.00)	-	-	-
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Regular	63,000.00	(63,000.00)			
Salaries for Pupil Transportation (Between Home and School) - Special Education	273,000.00	(273,000.00)			
Other Purchased Professional and Technical Services	109,500.00	(109,500.00)			
Contracted Services - (Between Home and School) - Vendors	16,100,000.00	(16,100,000.00)			
Contracted Services - (Other than Between Home and School) - Vendors	524,000.00	(524,000.00)			
Contracted Services (Special Education Students) - Vendors	5,800,000.00	(5,800,000.00)			
Contracted Services - Aid in Lieu Payments - Nonpublic Schools	1,780,000.00	(1,780,000.00)			
Cleaning, Repair, and Maintenance Services	2,000.00	(2,000.00)			
Miscellaneous Purchased Services - Transportation	10,500.00	(10,500.00)			
General Supplies	6,000.00	(6,000.00)			
Transportation Supplies	6,000.00	(6,000.00)			
Total Undistributed Expenditures - Student Transportation Services	24,674,000.00	(24,674,000.00)	-	-	-
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	33,950.00	(33,200.00)	\$ 750.00	\$ 723.10	\$ 26.90
Other Retirement Contributions - PERS	29,800.00	(29,800.00)			
Unemployment Compensation	3,900.00	(1,700.00)	2,200.00	1,995.90	204.10
Workmen's Compensation	11,000.00	(3,000.00)	8,000.00	7,426.91	573.09
Health Benefits	337,000.00	(163,800.00)	173,200.00	104,653.15	68,546.85
Other Employee Benefits	100.00	(100.00)			
Total Unallocated Benefits - Employee Benefits	415,750.00	(231,600.00)	184,150.00	114,799.06	69,350.94

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Required Supplementary Information - Part II

General Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
On-behalf Contributions:					
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)				\$ 40,593.15	\$ (40,593.15)
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				48,335.10	(48,335.10)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				45,808.54	(45,808.54)
Total On-behalf Contributions	-	-	-	134,736.79	(134,736.79)
Total Personal Services - Employee Benefits	\$ 415,750.00	\$ (231,600.00)	\$ 184,150.00	249,535.85	(65,385.85)
Total Undistributed Expenditures	25,235,550.00	(24,928,173.00)	307,377.00	365,082.62	(57,705.62)
Total General Current Expense	25,756,550.00	(24,858,300.00)	898,250.00	906,472.50	(8,222.50)
Equipment:					
Undistributed Expenditures:					
Undistributed Expenditures - General Admin.	5,000.00	(5,000.00)			
Undistributed Expenditures - Admin. Information Technology	5,000.00	(5,000.00)			
Total Equipment	10,000.00	(10,000.00)	-	-	-
Total Capital Outlay	10,000.00	(10,000.00)	-	-	-
Total Expenditures	25,766,550.00	(24,868,300.00)	898,250.00	906,472.50	(8,222.50)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	23.21	23.21
Other Financing Sources (Uses):					
Transfers - Enterprise Fund				(6,073,596.26)	(6,073,596.26)
Total Other Financing Sources (Uses)	-	-	-	(6,073,596.26)	(6,073,596.26)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	(6,073,573.05)	(6,073,573.05)
Fund Balances, July 1	-	-	-	6,073,573.05	6,073,573.05
Fund Balances, June 30	-	-	-	-	-

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Required Supplementary Information - Part II

Special Revenue Fund

Budgetary Comparison Schedule

For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources:					
Title I, Part D	\$ 250,323.00		\$ 250,323.00	\$ 238,882.24	\$ (11,440.76)
Total - Federal Sources	250,323.00	-	250,323.00	238,882.24	(11,440.76)
Total Revenues	250,323.00	-	250,323.00	238,882.24	(11,440.76)
EXPENDITURES:					
Instruction:					
Salaries	118,355.00	\$ (4,022.66)	114,332.34	106,628.87	7,703.47
Purchased Professional and Technical Services	11,050.00		11,050.00	10,005.00	1,045.00
General Supplies	25,100.00	278.00	25,378.00	25,378.00	
Total Instruction	154,505.00	(3,744.66)	150,760.34	142,011.87	8,748.47
Support Services:					
Salaries	28,000.00	3,653.22	31,653.22	31,652.40	0.82
Personnel Services - Employee Benefits	54,000.00	(177.17)	53,822.83	51,131.56	2,691.27
Purchased Professional and Technical Services	1,518.00		1,518.00	1,518.00	
Other Purchased Services (400-500 series)	4,500.00	177.66	4,677.66	4,677.46	0.20
Total Support Services	88,018.00	3,653.71	91,671.71	88,979.42	2,692.29
Facilities Acquisition and Construction Services:					
Instructional Equipment	7,800.00	90.95	7,890.95	7,890.95	
Total Facilities Acquisition and Construction Services	7,800.00	90.95	7,890.95	7,890.95	-
Total Expenditures	250,323.00	-	250,323.00	238,882.24	11,440.76
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Required Supplementary Information - Part II
 Budgetary Comparison Schedule
 Notes to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2016

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	<u>\$ 906,495.71</u>	<u>\$ 238,882.24</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 906,495.71</u>	<u>\$ 238,882.24</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule (C-series)	<u>\$ 906,472.50</u>	<u>\$ 238,882.24</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 906,472.50</u>	<u>\$ 238,882.24</u>

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS**

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Required Supplementary Information - Part III
 Schedule of the Commission's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commission's Proportion of the Net Pension Liability	0.0149825794%	0.0131602254%	0.0115869100%
Commission's Proportionate Share of the Net Pension Liability	\$ 3,363,289.00	\$ 2,463,954.00	\$ 2,214,489.00
Commission's Covered-Employee Payroll	\$ 1,043,760.00	\$ 997,496.00	\$ 850,940.00
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	322.23%	247.01%	260.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Required Supplementary Information - Part III
 Schedule of the Commission's Contributions
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

	<u>Fiscal Year Ended June 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 154,419.00	\$ 128,810.00	\$ 108,491.00
Contributions in relation to the Contractually Required Contribution	<u>(154,419.00)</u>	<u>(128,810.00)</u>	<u>(108,491.00)</u>
Contribution Deficiency (Excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Commission's Covered-Employee Payroll	\$ 1,206,054.00	\$ 1,056,840.00	\$ 890,883.00
Contributions as a Percentage of Commission's Covered-Employee Payroll	12.80%	12.19%	12.18%

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Required Supplementary Information - Part III
 Schedule of the Commission's Proportionate Share of the Net Pension Liability
 Teachers' Pension and Annuity Fund (TPAF)
 Last Three Fiscal Years

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commission's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%
State's Proportion of the Net Pension Liability associated with the Commission	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>
Commission's Proportionate Share of the Net Pension Liability	-	-	-
State's Proportionate Share of the Net Pension Liability associated with the Commission	<u>\$ 23,880,268.00</u>	<u>\$ 22,090,905.00</u>	<u>\$ 21,355,215.00</u>
	<u><u>\$ 23,880,268.00</u></u>	<u><u>\$ 22,090,905.00</u></u>	<u><u>\$ 21,355,215.00</u></u>
Commission's Covered-Employee Payroll	\$ 3,790,488.00	\$ 4,252,724.00	\$ 4,661,040.00
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	630.01%	519.45%	458.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Required Supplementary Information - Part III
Schedule of Commission's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years

This schedule is not applicable. The Commission is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Required Supplementary Information - Part III
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2016

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015, in accordance with paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015, in accordance with paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	<u>No Child Left Behind (N.C.L.B.)</u>	
	Title I, Part D, Prevention and Intervention Programs for Children	<u>Total</u>
REVENUES:		
Federal Sources	\$ 238,882.24	\$ 238,882.24
Total Revenues	<u>238,882.24</u>	<u>238,882.24</u>
EXPENDITURES:		
Instruction:		
Salaries	106,628.87	106,628.87
Purchased Professional and Technical Services	10,005.00	10,005.00
General Supplies	25,378.00	25,378.00
Total Instruction	<u>142,011.87</u>	<u>142,011.87</u>
Support Services:		
Salaries	31,652.40	31,652.40
Personnel Services - Employee Benefits	51,131.56	51,131.56
Purchased Professional and Technical Services	1,518.00	1,518.00
Other Purchased Services (400-500 series)	4,677.46	4,677.46
Total Support Services	<u>88,979.42</u>	<u>88,979.42</u>
Facilities Acquisition and Construction Services:		
Instructional Equipment	7,890.95	7,890.95
Total Facilities Acquisition and Construction Services	<u>7,890.95</u>	<u>7,890.95</u>
Total Expenditures	<u>238,882.24</u>	<u>238,882.24</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>

PROPRIETARY FUND

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Proprietary Fund
Business-Type Activities - Enterprise Fund
Statement of Net Position
June 30, 2016

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 326,708.19
Interfund Accounts Receivable:	
General Fund	274,475.38
Special Revenue Fund	45,765.58
Fiduciary Fund	11.62
Intergovernmental Accounts Receivable:	
State	82,373.10
Other	<u>7,012,067.22</u>
Total Current Assets	<u>7,741,401.09</u>

Noncurrent Assets:

Capital Assets	5,963,313.52
Less: Accumulated Depreciation	<u>(2,154,208.90)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>3,809,104.62</u>

Total Noncurrent Assets

3,809,104.62

Total Assets

11,550,505.71

DEFERRED OUTFLOWS OF RESOURCES:

Related to Pensions	<u>1,092,624.00</u>
---------------------	---------------------

LIABILITIES:

Current Liabilities:

Intergovernmental Accounts Payable:	
Other	1,047.84
Accounts Payable	255,259.44
Accrued Wages	281,829.25
Accrued Interest Payable	25,066.00
Compensated Absences Payable	36,474.25
Lease Purchase Agreement Payable	<u>161,691.55</u>

Total Current Liabilities

761,368.33

Noncurrent Liabilities:

Compensated Absences Payable	69,674.60
Lease Purchase Agreement Payable	1,125,126.60
Net Pension Liability	<u>3,363,289.00</u>

Total Noncurrent Liabilities

4,558,090.20

Total Liabilities

5,319,458.53

(Continued)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Proprietary Fund
Business-Type Activities - Enterprise Fund
Statement of Net Position
June 30, 2016

DEFERRED INFLOWS OF RESOURCES:

Related to Pensions	<u>\$ 54,075.00</u>
---------------------	---------------------

NET POSITION:

Net Investment in Capital Assets	2,522,286.47
Unrestricted	<u>4,747,309.71</u>
Total Net Position	<u>\$ 7,269,596.18</u>

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Proprietary Fund
 Business-Type Activities - Enterprise Fund
 Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

OPERATING REVENUES:

Charges for Services:

Transportation Services	\$ 30,028,936.07
Nonpublic Auxiliary and Handicapped Services	4,783,795.66
Educational Services	1,324,372.47
Related Services	1,100,016.48
Child Study Team Evaluations	594,186.43
Home Instruction Services	146,002.50
McKinney-Vento Services	74,798.19
Nursing Services	21,799.82

General:

Miscellaneous	16,790.55
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Total Operating Revenues	<u>38,090,698.17</u>
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OPERATING EXPENSES:

Personnel Services - Salaries	5,427,633.22
Personnel Services - Employee Benefits	2,227,167.63
Purchased Professional and Technical Services	1,511,677.66
Purchased Property Services	9,748.56
Other Purchased Services	28,732,212.65
Supplies and Materials	132,407.99
Depreciation	199,329.34
Miscellaneous Expenditures	88,383.18
Other Objects	640.90

Total Operating Expenses	<u>38,329,201.13</u>
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Operating Income (Loss)	<u>(238,502.96)</u>
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NONOPERATING REVENUES (EXPENSES):

State Sources:

On-Behalf T.P.A.F. Pension Contributions - Normal Cost	172,595.90
On-Behalf T.P.A.F. Pension Contributions - Post-Retirement Medical	273,898.90
Reimbursed T.P.A.F. Social Security Contributions	261,453.36
Interest Expense	(58,259.97)
Loss on Disposal of Capital Assets	(1,156.34)

Total Nonoperating Revenues (Expenses)	<u>648,531.85</u>
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Income (Loss) before Transfers	410,028.89
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TRANSFERS:

Equity Transfer	<u>6,511,839.73</u>
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Change in Net Position	6,921,868.62
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Net Position, July 1	<u>347,727.56</u>
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Net Position, June 30	<u>\$ 7,269,596.18</u>
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CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Proprietary Fund

Business-Type Activities - Enterprise Fund

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 32,398,533.17
Payments to Suppliers	(30,396,129.87)
Payments to Employees	(5,247,424.10)
Payments for Employee Benefits	<u>(2,028,491.88)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(5,273,512.68)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

State Sources	706,580.87
Transfer from / (to) Governmental Activities Fund	5,799,120.88
Transfer from / (to) Special Revenue Fund	<u>(45,765.58)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>6,459,936.17</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchases of Capital Assets	(34,970.76)
Principal Paid on Lease Purchase Debt	(155,099.81)
Interest Paid on Lease Purchase Debt	<u>(61,281.20)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(251,351.77)</u>

Net Increase (Decrease) in Cash and Cash Equivalents	935,071.72
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Cash and Cash Equivalents, July 1	<u>(608,363.53)</u>
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Cash and Cash Equivalents, June 30	<u><u>\$ 326,708.19</u></u>
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Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ (238,502.96)
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Adjustments to Reconcile Operating Income (Loss) to Net Cash

Provided by (Used for) Operating Activities:

Depreciation	199,329.34
(Increase) Decrease in Interfund Accounts Receivable	(11.62)
(Increase) Decrease in Intergovernmental Accounts Receivable	(5,690,645.21)
Increase (Decrease) in Intergovernmental Accounts Payable	(1,508.16)
Increase (Decrease) in Accounts Payable	104,550.06
Increase (Decrease) in Accrued Wages	195,532.50
Increase (Decrease) in Compensated Absences Payable	(16,495.63)
Increase (Decrease) in Net Pension Liability	<u>174,239.00</u>

Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (5,273,512.68)</u></u>
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FIDUCIARY FUNDS

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2016

	Private-Purpose Trust Funds	Agency Funds	
	Flexible Benefits Trust	Payroll	Total
ASSETS:			
Cash and Cash Equivalents	\$ 17,539.99	\$ 895.05	\$ 18,435.04
Interfund Accounts Receivable:			
General Fund	1,236.75		1,236.75
Total Assets	18,776.74	\$ 895.05	19,671.79
LIABILITIES:			
Interfund Accounts Payable:			
Enterprise Fund	1.33	\$ 10.29	11.62
Payroll Deductions and Withholdings		884.76	884.76
Total Liabilities	1.33	\$ 895.05	896.38
NET POSITION:			
Held in Trust for Other Purposes	18,775.41		18,775.41
Total Net Position	\$ 18,775.41		\$ 18,775.41

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Private-Purpose Trust Funds</u>
	<u>Flexible Benefits Trust</u>
ADDITIONS:	
Contributions:	
Other	\$ 33,992.94
Total Additions	<u>33,992.94</u>
DEDUCTIONS:	
Claims	<u>22,736.66</u>
Total Deductions	<u>22,736.66</u>
Change in Net Position	11,256.28
Net Position, July 1	<u>7,519.13</u>
Net Position, June 30	<u><u>\$ 18,775.41</u></u>

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Fiduciary Funds
 Payroll and Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 14,896.26	\$ 6,740,498.15	\$ 6,754,499.36	\$ 895.05
Total Assets	<u>\$ 14,896.26</u>	<u>\$ 6,740,498.15</u>	<u>\$ 6,754,499.36</u>	<u>\$ 895.05</u>
LIABILITIES:				
Interfund Accounts Payable:				
General Fund	\$ 10.49		\$ 10.49	
Interfund Accounts Payable:				
Enterprise Fund		\$ 892,281.74	892,271.45	\$ 10.29
Accrued Salaries and Wages		3,750,784.77	3,750,784.77	
Payroll Deductions and Withholdings	<u>14,885.77</u>	<u>2,097,431.64</u>	<u>2,111,432.65</u>	<u>884.76</u>
Total Liabilities	<u>\$ 14,896.26</u>	<u>\$ 6,740,498.15</u>	<u>\$ 6,754,499.36</u>	<u>\$ 895.05</u>

LONG-TERM DEBT

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Schedule of Lease Purchase Agreement Payable - Business-Type Activities
 For the Fiscal Year Ended June 30, 2016

<u>Description</u>	<u>Date of Lease</u>	Term of Lease (in Years)	<u>Amount of Original Issue</u>		Interest Rate Payable	Amount Outstanding June 30, 2015	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding June 30, 2016
			<u>Principal</u>	<u>Interest</u>					
Additions and renovations to administration building	7/26/06, 01/09/08	17	\$ 3,745,000.00	\$ 952,975.50	4.25%	\$ 1,441,917.96		\$ 155,099.81	\$ 1,286,818.15
						<u>\$ 1,441,917.96</u>	<u>-</u>	<u>\$ 155,099.81</u>	<u>\$ 1,286,818.15</u>

STATISTICAL SECTION

Financial Trends Information

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

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

	Fiscal Year Ended June 30,									
	2016*	2015*	2014*	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net Investment in Capital Assets										
Restricted	\$ 26,142.79	\$ 469,125.31	\$ 397,581.69	\$ 389,722.38	\$ 2,603,278.00	\$ 2,785,438.00	\$ 2,703,789.00	\$ 2,090,627.00	\$ 1,622,010.00	\$ 422,362.00
Unrestricted	(3,098.89)	6,061,402.55	3,256,317.72	4,459,505.46	3,525,498.00	500,215.00 3,135,599.00	253,553.00 3,570,751.00	3,930,852.00	4,341,591.00	3,904,675.00
Total Governmental Activities Net Position	\$ 23,043.90	\$ 6,530,527.86	\$ 3,653,899.41	\$ 4,849,227.84	\$ 6,128,776.00	\$ 6,421,252.00	\$ 6,528,093.00	\$ 6,021,479.00	\$ 5,963,601.00	\$ 4,327,037.00
Business-Type Activities:										
Net Investment in Capital Assets										
Unrestricted	\$ 2,522,286.47	\$ 2,088,840.67	\$ 2,137,512.36	\$ 2,178,741.70			\$ 221.00			
	4,747,309.71	(1,741,113.11)	299,635.81	30,820.88						
Total Business-Type Activities Net Position	\$ 7,269,596.18	\$ 347,727.56	\$ 2,437,148.17	2,209,562.58	-	-	\$ 221.00	-	-	-
Government-Wide:										
Net Investment in Capital Assets										
Restricted	\$ 2,548,429.26	\$ 2,557,965.98	\$ 2,535,094.05	\$ 2,568,464.08	\$ 2,603,278.00	\$ 2,785,438.00	\$ 2,703,789.00	\$ 2,090,627.00	\$ 1,622,010.00	\$ 422,362.00
Unrestricted	4,744,210.82	4,320,289.44	3,555,953.53	4,490,326.34	3,525,498.00	500,215.00 3,135,599.00	253,553.00 3,570,972.00	3,930,852.00	4,341,591.00	3,904,675.00
Total Government-Wide Net Position	\$ 7,292,640.08	\$ 6,878,255.42	\$ 6,091,047.58	\$ 7,058,790.42	\$ 6,128,776.00	\$ 6,421,252.00	\$ 6,528,314.00	\$ 6,021,479.00	\$ 5,963,601.00	\$ 4,327,037.00

* Amounts for the years 2016, 2015 and 2014 include the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

Source: Comprehensive Annual Financial Report Exhibit A-1.

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

	Fiscal Year Ended June 30,									
	2016*	2015*	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 683,891.56	\$ 624,284.15	\$ 565,086.54	\$ 576,488.31	\$ 634,222.00	\$ 691,160.00	\$ 573,908.00	\$ 494,191.00	\$ 541,291.00	\$ 540,118.00
Special Education			483,290.52	540,410.57	2,924,007.00	3,181,824.00	3,935,100.00	3,625,756.00	3,867,869.00	3,599,588.00
Other Special Instruction			143,308.31	246,477.05						
Other Instruction					215,476.00	166,280.00	168,993.00	117,841.00	75,793.00	
Support Services:										
Student and Instruction Related Services	195,624.27	161,533.58	874,964.62	855,566.01	2,320,104.00	2,042,536.00	2,629,061.00	2,237,534.00	1,426,280.00	2,011,971.00
Other Administrative Services		25,795.72	119,785.26	120,133.41						
School Administrative Services	15,512.68	14,461.57	117,543.15	108,746.29						
General and Business Administrative Services					625,758.00	497,354.00	162,420.00	154,695.00	239,261.00	92,836.00
Plant Operations and Maintenance		11,914.34	31,303.41	28,295.06	13,523.00	6,298.00	63,439.00	39,214.00	21,307.00	17,910.00
Pupil Transportation		26,455,193.96	23,342,917.74	13,096,409.04	12,095,310.00	12,868,072.00	13,457,865.00	14,082,532.00	14,010,887.00	13,348,762.00
Business and Other Support Services							1,492,740.00	1,387,390.00		
Personal Services - Employee Benefits	235,858.62	396,614.84	1,297,696.73	1,396,576.74	1,751,525.00	1,647,895.00	610,389.00	581,923.00	1,962,965.00	1,754,883.00
Loss on Disposal of Capital Assets			1,903.81	493.69						
Interest on Long-term Debt		12,941.23	14,177.91	22,650.52			123,722.00	130,100.00		188,546.00
Unallocated Depreciation and Amortization					79,836.00	3,610.00	28,537.00	62,169.00	120,982.00	43,970.00
Total Governmental Activities Expenses	1,130,887.13	27,702,739.39	26,991,978.00	16,992,246.69	20,659,761.00	21,105,029.00	23,246,174.00	22,913,345.00	22,266,635.00	21,598,584.00
Business-Type Activities:										
Enterprise Fund										
	38,388,617.44	7,817,347.26	454,720.10	4,248,762.19			3,954.00	3,357.00		
Total Business-Type Activities Expense	38,388,617.44	7,817,347.26	454,720.10	4,248,762.19	-	-	3,954.00	3,357.00	-	-
Total Government-Wide Expenses	\$ 39,519,504.57	\$ 35,520,086.65	\$ 27,446,698.10	\$ 21,241,008.88	\$ 20,659,761.00	\$ 21,105,029.00	\$ 23,250,128.00	\$ 22,916,702.00	\$ 22,266,635.00	\$ 21,598,584.00
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 771,735.71	\$ 28,009,807.28	\$ 27,093,827.47	\$ 16,589,062.73	\$ 14,391,114.00	\$ 14,448,155.00	\$ 15,247,367.00	\$ 14,447,642.00	\$ 14,295,150.00	\$ 13,523,176.00
Operating Grants and Contributions	355,593.03	316,788.86	891,337.23	997,132.37	5,953,818.00	6,356,322.00	7,883,357.00	7,402,363.00	7,632,583.00	7,320,198.00
Capital Grants and Contributions	7,890.95	20,411.95	6,510.00	8,089.00			421,121.00	154,107.00	973,089.00	
Total Governmental Activities Program Revenues	1,135,219.69	28,347,008.09	27,991,674.70	17,594,284.10	20,344,932.00	20,804,477.00	23,551,845.00	22,004,112.00	22,900,822.00	20,843,374.00
Business-Type Activities:										
Charges for services	38,073,907.62	7,288,236.96	4,682,305.69	4,238,192.05			2,133.00	1,363.00		
Operating Grants and Contributions	707,948.16	647,481.35					2,042.00	1,994.00		
Total Business-Type Activities Program Revenues	38,781,855.78	7,935,718.31	4,682,305.69	4,238,192.05	-	-	4,175.00	3,357.00	-	-
Total Government-Wide Program Revenues	\$ 39,917,075.47	\$ 36,282,726.40	\$ 32,673,980.39	\$ 21,832,476.15	\$ 20,344,932.00	\$ 20,804,477.00	\$ 23,556,020.00	\$ 22,007,469.00	\$ 22,900,822.00	\$ 20,843,374.00
Net (Expense) / Revenue:										
Governmental Activities	\$ 4,332.56	\$ 644,268.70	\$ 999,696.70	\$ 602,037.41	\$ (314,829.00)	\$ (300,552.00)	\$ 305,671.00	\$ (909,233.00)	\$ 634,187.00	\$ (755,210.00)
Business-Type Activities	393,238.34	118,371.05	4,227,585.59	(10,570.14)			221.00			
Total Government-Wide Net Expense	\$ 397,570.90	\$ 762,639.75	\$ 5,227,282.29	\$ 591,467.27	\$ (314,829.00)	\$ (300,552.00)	\$ 305,892.00	\$ (909,233.00)	\$ 634,187.00	\$ (755,210.00)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Interest and Investment Earnings - Unrestricted		\$ 5,290.48	\$ 15,201.56	\$ 20,248.38	\$ 34,224.00	\$ 34,780.00	\$ 18,128.00	\$ 35,585.00	\$ 140,905.00	\$ 233,542.00
State Aid Restricted for Capital Projects										365,438.00
Miscellaneous	\$ 23.21	12,580.27	4,262.31	260,799.51	79,555.00	201,550.00	226,775.00	949,760.00	879,908.00	703,419.00
Special Items:										
Gain (Loss) on Disposal of Capital Assets					(91,426.00)	(42,860.00)	(43,960.00)	(18,214.00)	(18,436.00)	(48,423.00)
Transfers	(6,511,839.73)			(2,162,632.78)						
Total Governmental Activities	(6,511,816.52)	17,870.75	19,463.87	(1,881,584.89)	22,353.00	193,470.00	200,943.00	967,131.00	1,002,377.00	1,253,976.00

(Continued)

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

	Fiscal Year Ended June 30,									
	2016*	2015*	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Position (Cont'd):										
Business-Type Activities:										
Miscellaneous	\$ 16,790.55	\$ 6,697.34		\$ 9,253.00						
Transfers	6,511,839.73			2,210,879.72						
Total Business-Type Activities	6,528,630.28	6,697.34	-	2,220,132.72	-	-	-	-	-	-
Total Government-Wide	<u>\$ 16,813.76</u>	<u>\$ 24,568.09</u>	<u>\$ 19,463.87</u>	<u>\$ 338,547.83</u>	<u>\$ 22,353.00</u>	<u>\$ 193,470.00</u>	<u>\$ 200,943.00</u>	<u>\$ 967,131.00</u>	<u>\$ 1,002,377.00</u>	<u>\$ 1,253,976.00</u>
Change in Net Position:										
Governmental Activities	\$ (6,507,483.96)	\$ 662,139.45	\$ 1,019,160.57	\$ (1,279,547.48)	\$ (292,476.00)	\$ (107,082.00)	\$ 506,614.00	\$ 57,898.00	\$ 1,636,564.00	\$ 498,766.00
Business-Type Activities	6,921,868.62	125,068.39	4,227,585.59	2,209,562.58			221.00			
Total Government-Wide	<u>\$ 414,384.66</u>	<u>\$ 787,207.84</u>	<u>\$ 5,246,746.16</u>	<u>\$ 930,015.10</u>	<u>\$ (292,476.00)</u>	<u>\$ (107,082.00)</u>	<u>\$ 506,835.00</u>	<u>\$ 57,898.00</u>	<u>\$ 1,636,564.00</u>	<u>\$ 498,766.00</u>

* Amounts for the year 2015 and 2016 include the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*.

Source: Comprehensive Annual Financial Report Exhibit A-2.

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

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Assigned						\$ 500,215.00	\$ 253,553.00		\$ 29,377.00	
Unassigned		\$ 6,073,573.05	\$ 5,490,535.25	\$ 4,476,440.33	\$ 3,665,190.55	3,305,665.00	3,731,043.00	\$ 4,064,381.00	3,780,786.00	\$ 3,400,199.00
Total General Fund	-	\$ 6,073,573.05	\$ 5,490,535.25	\$ 4,476,440.33	\$ 3,665,190.55	\$ 3,805,880.00	\$ 3,984,596.00	\$ 4,064,381.00	\$ 3,810,163.00	\$ 3,400,199.00
All Other Governmental Funds:										
Restricted									\$ 660,977.00	
Unassigned										610,969.00
Total All Other Governmental Funds	-	-	-	-	-	-	-	-	\$ 660,977.00	\$ 610,969.00

Source: Comprehensive Annual Financial Report Exhibit B-1.

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

	Fiscal Year Ended June 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Tuition Charges	\$ 771,735.71	\$ 702,781.22	\$ 617,247.45	\$ 577,172.05	\$ 622,078.00	\$ 691,533.00	\$ 1,065,568.00	\$ 1,200,144.00	\$ 1,197,489.00	\$ 927,239.00
Transportation Fees from Other LEAs		27,307,026.06	24,375,975.42	13,632,988.21	12,337,473.00	13,135,955.00	13,775,967.00	14,447,642.00	14,295,150.00	13,523,176.00
Interest Earnings					34,224.00	34,780.00	18,128.00	35,585.00	140,905.00	233,542.00
Special Education Services					2,053,641.00	1,312,200.00	1,471,400.00			
Unrestricted Miscellaneous Revenues	23.21	17,870.75	2,120,068.47	2,554,894.35	79,555.00	201,771.00	226,775.00	949,760.00	879,908.00	703,419.00
Federal Sources	238,882.24	214,875.24	180,527.00	153,315.95	233,311.00	208,690.00	228,004.00	159,874.00	117,480.00	117,549.00
State Sources	134,736.79	126,916.13	717,320.23	848,589.42	5,200,971.00	5,456,099.00	6,658,209.00	6,247,430.00	6,883,981.00	7,119,738.00
Local Sources				3,316.00						
Total Revenue	1,145,377.95	28,369,469.40	28,011,138.57	17,770,275.98	20,561,253.00	21,041,028.00	23,444,051.00	23,040,435.00	23,514,913.00	22,624,663.00
Expenditures:										
Current:										
Instruction:										
Regular Instruction	683,401.75	611,035.70	549,969.43	560,068.59	530,461.00	691,160.00	573,908.00	494,191.00	541,291.00	540,118.00
Special Education Instruction			484,102.21	545,690.55	3,084,745.00	3,343,367.00	3,798,566.00	3,556,141.00	3,661,184.00	3,546,402.00
Other Special Instruction			142,598.63	246,477.05						
Other Instruction					215,476.00	166,260.00	168,993.00	117,841.00	75,793.00	
Support Services and Undistributed Costs:										
Student and Instruction Related Services	188,526.19	165,790.33	872,351.65	856,661.29	2,320,104.00	2,042,536.00	2,472,623.00	2,087,474.00	1,426,280.00	2,011,971.00
Other Administrative Services		16,732.31	109,140.26	86,934.98						
School Administrative Services	16,000.00	57,737.77	161,693.54	153,541.48	561,748.00	431,950.00	162,420.00	141,147.00	202,113.00	84,209.00
Plant Operations and Maintenance		35.43	20,004.71	16,022.78	13,523.00	23,424.00	56,973.00	39,214.00	21,307.00	17,910.00
Pupil Transportation		26,454,665.97	23,342,653.99	13,096,333.68	12,094,367.00	12,868,072.00	13,358,255.00	14,000,198.00	13,981,168.00	13,341,860.00
Personal Services - Employee Benefits	249,535.85	401,205.40	1,297,696.73	1,396,576.74	1,751,525.00	1,647,895.00	2,103,129.00	1,969,313.00	1,962,965.00	1,754,883.00
Capital Outlay	7,890.95	79,228.69	16,832.50	48,966.00	129,993.00	5,080.00	548,809.00	761,515.00	731,340.00	2,959,169.00
Debt Service:										
Principal							156,438.00	150,060.00	451,500.00	1,347,325.00
Interest and Other Charges							123,722.00	130,100.00		188,546.00
Total Expenditures	1,145,354.74	27,786,431.60	26,997,043.65	17,007,273.14	20,701,942.00	21,219,744.00	23,523,836.00	23,447,194.00	23,054,941.00	25,792,393.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	23.21	583,037.80	1,014,094.92	763,002.84	(140,689.00)	(178,716.00)	(79,785.00)	(406,759.00)	459,972.00	(3,167,730.00)
Other Financing Sources (Uses):										
Lease Purchase										3,745,000.00
Transfers In				48,246.94						
Transfers Outs	(6,073,596.26)									
Total Other Financing Sources (Uses)	(6,073,596.26)	-	-	48,246.94	-	-	-	-	-	3,745,000.00
Net Change in Fund Balances	\$ (6,073,573.05)	\$ 583,037.80	\$ 1,014,094.92	\$ 811,249.78	\$ (140,689.00)	\$ (178,716.00)	\$ (79,785.00)	\$ (406,759.00)	\$ 459,972.00	\$ 577,270.00
Debt Service as a Percentage of Noncapital Expenditures	-	-	-	-	-	-	1.2%	1.2%	2.0%	6.3%

Source: Comprehensive Annual Financial Report Exhibit B-2.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Interest on Investments		\$ 5,290.48	\$ 15,201.56	\$ 20,248.38	\$ 34,224.00	\$ 34,780.00	\$ 18,128.00	\$ 35,585.00	\$ 140,905.00	\$ 233,542.00
Miscellaneous	\$ 23.21	9,715.97	4,262.31	10,947.96	76,004.00	201,771.00	6,250.00	3,963.00	52,761.00	194.00
Educational Services ⁽¹⁾			1,272,654.49	1,606,791.82	2,053,641.00	1,312,200.00	1,691,925.00	945,797.00	846,700.00	703,225.00
Home Instruction Services ⁽¹⁾			75,009.60	77,557.08						
Child Study Team Evaluations ⁽¹⁾			216,837.08	94,266.25						
Business Services ⁽¹⁾				15,402.38						
Nursing Services ⁽¹⁾			83,214.00	114,167.25						
Related Services ⁽¹⁾			383,688.00	419,074.23						
Technology Coordinator ⁽¹⁾			64,913.43	45,412.46						
Cooperative Purchasing Agreement ⁽¹⁾			4,288.00	6,231.00						
Refund of Prior Year's Expenditures		2,864.30		144,795.54						
Tuition					622,078.00	691,533.00	1,065,568.00	1,200,144.00	1,197,489.00	927,239.00
	<u>\$ 23.21</u>	<u>\$ 17,870.75</u>	<u>\$ 2,120,068.47</u>	<u>\$ 2,554,894.35</u>	<u>\$ 2,785,947.00</u>	<u>\$ 2,240,284.00</u>	<u>\$ 2,781,871.00</u>	<u>\$ 2,185,489.00</u>	<u>\$ 2,237,855.00</u>	<u>\$ 1,864,200.00</u>

Source: Commission records.

⁽¹⁾ Beginning with fiscal year 2015, the charges for these services have been recorded in the enterprise fund.

Revenue Capacity Information

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

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

	Fiscal Year Ended June 30									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities:										
Tuition Charges ⁽¹⁾	\$ 771,735.71	\$ 702,781.22	\$ 617,247.45	\$ 577,172.05						
Transportation Fees from Other LEAs ⁽⁵⁾		27,307,026.06	24,375,975.42	13,632,988.21	\$ 12,337,473.00	\$ 13,135,955.00	\$ 13,775,967.00	\$ 14,447,642.00	\$ 14,295,150.00	\$ 13,523,176.00
Educational Services ⁽⁴⁾			1,272,654.49	1,606,791.82						
Home Instruction Services ⁽⁴⁾			75,009.60	77,557.08						
Child Study Team Evaluations ⁽⁴⁾			216,837.08	94,266.25						
Business Services ⁽⁴⁾				15,402.38						
Nursing Services ⁽⁴⁾			83,214.00	114,167.25						
Related Services ⁽⁴⁾			383,688.00	419,074.23						
Technology Coordinator ⁽⁴⁾			64,913.43	45,412.46						
Cooperative Purchasing Agreement ⁽⁴⁾			4,288.00	6,231.00						
Other ⁽²⁾					2,053,641.00	1,312,200.00	1,471,400.00			
Total Governmental Activities	771,735.71	28,009,807.28	27,093,827.47	16,589,062.73	14,391,114.00	14,448,155.00	15,247,367.00	14,447,642.00	14,295,150.00	13,523,176.00
Business-Type Activities:										
Transportation Services ⁽⁵⁾	30,028,936.07									
Nonpublic Auxiliary and Handicapped Services ⁽³⁾	4,783,795.66	5,029,538.69	4,682,305.69	4,238,192.05						
Educational Services ⁽⁴⁾	1,324,372.47	1,391,738.80								
Child Study Team Evaluations ⁽⁴⁾	594,186.43	384,591.96								
Related Services ⁽⁴⁾	1,100,016.48	359,434.61								
Home Instruction Services ⁽⁴⁾	146,002.50	98,632.50								
Nursing Services ⁽⁴⁾	21,799.82	22,759.40								
Cooperative Purchasing Agreement ⁽⁴⁾		1,541.00								
McKinney-Vento Services	74,798.19									
Other							2,133.00	1,363.00		
Total Business-Type Activities	38,073,907.62	7,288,236.96	4,682,305.69	4,238,192.05	-	-	2,133.00	1,363.00	-	-
Total Government-Wide Charges for Services	\$ 38,845,643.33	\$ 35,298,044.24	\$ 31,776,133.16	\$ 20,827,254.78	\$ 14,391,114.00	\$ 14,448,155.00	\$ 15,249,500.00	\$ 14,449,005.00	\$ 14,295,150.00	\$ 13,523,176.00

Source: Commission records.

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

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

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

⁽⁴⁾ Beginning with fiscal year 2015, the charges for these services have been recorded in the business-type activities.

⁽⁵⁾ Beginning with fiscal year 2016, the charges for these services have been recorded in the business-type activities.

Debt Capacity Information

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

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Unaudited

Fiscal Year Ended <u>June 30.</u>	<u>Lease Purchase Agreement Payable</u>		Total <u>Commission</u>	Percentage of Personal <u>Income</u> ⁽²⁾	<u>Per Capita</u> ⁽³⁾
	<u>Governmental</u> <u>Activities</u> ⁽¹⁾	<u>Business-Type</u> <u>Activities</u> ⁽¹⁾			
2016		\$ 1,286,818.15	\$ 1,286,818.15	*	*
2015	\$ 288,383.59	1,153,534.37	1,441,917.96	*	\$ 2.82
2014	318,138.95	1,272,555.80	1,590,694.75	0.01%	3.11
2013	346,681.26	1,386,725.04	1,733,406.30	0.01%	3.38
2012	374,059.98	1,496,239.89	1,870,299.87	0.01%	3.65
2011	1,998,555.00		1,998,555.00	0.01%	3.89
2010	2,279,685.00		2,279,685.00	0.01%	4.44
2009	2,911,114.00		2,911,114.00	0.01%	5.62
2008	3,061,174.00		3,061,174.00	0.01%	5.91
2007	3,512,674.00		3,512,674.00	0.02%	6.79

Sources:

⁽¹⁾ *Commission records.*

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

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

* *information not available.*

Demographic and Economic Information

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Population</u> ⁽¹⁾	<u>Personal Income</u> ⁽²⁾	<u>Per Capita Personal Income</u> ⁽³⁾	<u>Unemployment Rate</u> ⁽⁴⁾
2015	510,923	*	*	8.8%
2014	511,038	\$ 23,960,527,668.00	\$ 46,886.00	10.3%
2013	512,125	23,324,221,000.00	45,544.00	9.0%
2012	513,104	23,122,005,552.00	45,063.00	17.3%
2011	513,261	22,701,020,769.00	44,229.00	17.1%
2010	513,630	21,690,594,900.00	42,230.00	17.4%
2009	517,879	21,769,561,644.00	42,036.00	16.6%
2008	517,739	21,774,031,384.00	42,056.00	10.9%
2007	517,559	21,115,372,082.00	40,798.00	8.3%
2006	516,547	20,338,521,578.00	39,374.00	9.1%

Sources:

⁽¹⁾ *Annual Estimates of the Resident Population for Municipalities in New Jersey, by County: July 1, 2006 to July 1, 2015.*

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

⁽³⁾ *Regional Economic Information System, Bureau of Economic Analysis, November 2015.*

⁽⁴⁾ *New Jersey Department of Labor and Workforce Development, Office of Research and Information, Local Area Unemployment Statistics - April 15, 2016.*

* *information not available.*

Operating Information

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

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

<u>Function / Program</u>	Fiscal Year Ended June 30,									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Instruction:										
Other Instruction	13	16	14	14	17	15	17	12	13	9
Nonpublic school programs	62	59	66	67	81	77	82	87	86	98
Support Services:										
Student and Instruction Related Services	48	30	30	27	15	31	32	25	26	20
School Administrative Services	5	5	4	5	5	5	6	6	6	5
General and Business Administrative Services	1	1	1	1	1	1	1	1	1	1
Plant Operations and Maintenance	1				1	1	1	1	1	1
Pupil Transportation	9	9	1	1	1	1	1	1	1	1
Business and Other Support Services	<u>8</u>	<u>7</u>	<u>11</u>	<u>7</u>	<u>10</u>	<u>9</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>8</u>
Total	<u>147</u>	<u>127</u>	<u>127</u>	<u>122</u>	<u>131</u>	<u>140</u>	<u>150</u>	<u>142</u>	<u>143</u>	<u>143</u>

Source: Commission records.

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

	Fiscal Year Ended June 30,									
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Other:										
Central Administration (1997)										
Square Feet	16,788	16,788	16,788	16,788	16,788	16,788	16,788	16,788	16,788	16,788
Functional Capacity (students)	-	-	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
Number of Schools at June 30, 2016										
Elementary = 0										
Middle School = 0										
Senior High School = 0										
Other = 1										

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

Source: Commission records.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION

Insurance Schedule

June 30, 2016

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Insurance Package Policy ⁽¹⁾		
Property	\$ 6,021,689.00	\$ 1,000.00
Environmental Package	1,000,000.00	25,000.00
Beazley Breach Response Services	1,000,000.00	Various
Extra Expense	50,000,000.00	1,000.00
Valuable Papers	10,000,000.00	1,000.00
Electronic Data Processing	300,000.00	1,000.00
Equipment Breakdown	100,000,000.00	1,000.00
General Liability	16,000,000.00	
Automobile Liability	16,000,000.00	
Crime & Bonds:		
Faithful Performance	25,000.00	500.00
Forgery and Alteration	25,000.00	500.00
Money and Securities	5,000.00	500.00
Money Orders / Counterfeit	5,000.00	500.00
Computer Fraud	250,000.00	1,000.00
Board Secretary	250,000.00	1,000.00
Errors and Omissions ⁽¹⁾	6,000,000.00	10,000.00
Excess Errors and Omissions ⁽¹⁾	100,000.00/300,000.00	10,000.00

⁽¹⁾ New Jersey School Boards Associates Insurance Group

Source: Commission records.

SINGLE AUDIT SECTION

Exhibit K-2

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Major State Program

We have audited the Camden County Educational Services Commission's, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on the Commission's major state program for the fiscal year ended June 30, 2016. The Commission's major state program is 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 state statutes, regulations, and the terms and conditions of its state award applicable to its state program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Commission's major state program 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; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Circular 15-08-OMB 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 state program occurred. An audit includes examining, on a test basis, evidence about the Camden County Educational Services Commission's, in the County of Camden, State of New Jersey, 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 the major state program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Major State Program

In our opinion, the Camden County Educational Services Commission, in the County of Camden, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Camden County Educational Services Commission, in the County of Camden, State of New Jersey, 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 Commission's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, 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 Commission's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 the State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

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

Voorhees, New Jersey
October 20, 2016

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2016

<u>Federal Grantor / Pass-through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal FAIN Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>	
					<u>From</u>	<u>To</u>
Special Revenue Fund:						
U.S. Department of Education:						
Passed-through State Department of Education:						
N.C.L.B.:						
Title I, Part D, Prevention and Intervention Programs for Children	84.013A	S013A150030	NCLB0178015	\$ 242,713.00	07/01/14	06/30/15
Title I, Part D, Prevention and Intervention Programs for Children	84.013A	S013A150030	NCLB0178016	250,323.00	07/01/15	06/30/16
Total Title I, Part D, Prevention and Intervention Programs for Children						
Total Special Revenue Fund						
Total Federal Financial Assistance						

^(a) see note 5 to the schedules of expenditures of federal awards and state financial assistance.

This schedule of expenditures of federal awards is included as other supplementary information only. A federal single audit in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) was not required as total federal expenditures did not equal or exceed \$750,000.00.

The accompanying notes to financial statements and notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

Balance June 30, 2015	Cash Received	Budgetary Expenditures			Passed- Through to Subrecipients	Adjustments ^(a)	Repayment of Prior Years' Balances	Balance June 30, 2016		
		Pass-Through Funds	Direct Funds	Total Budgetary Expenditures				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ (28,591.24)	\$ 28,592.00					\$ (0.76)				
	193,014.00	\$ (238,882.24)		\$(238,882.24)				\$ (45,868.24)		
(28,591.24)	221,606.00	(238,882.24)	-	(238,882.24)	-	(0.76)	-	(45,868.24)	-	-
(28,591.24)	221,606.00	(238,882.24)	-	(238,882.24)	-	(0.76)	-	(45,868.24)	-	-
<u>\$ (28,591.24)</u>	<u>\$ 221,606.00</u>	<u>\$ (238,882.24)</u>	<u>-</u>	<u>\$(238,882.24)</u>	<u>-</u>	<u>\$ (0.76)</u>	<u>-</u>	<u>\$ (45,868.24)</u>	<u>-</u>	<u>-</u>

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2016

State Grantor / Program or Cluster Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015		
			From	To	Unearned Revenue / (Accounts Receivable)	Due to Grantor	
General Fund:							
New Jersey Department of Education:							
Current Expense:							
Reimbursed TPAF Social Security Contributions	495-034-5094-003	\$ 42,349.57	07/01/14	06/30/15	\$	(2,083.65)	
Reimbursed TPAF Social Security Contributions	495-034-5094-003	45,808.54	07/01/15	06/30/16			
Total Reimbursed TPAF Social Security Contributions						(2,083.65)	-
Total General Fund						(2,083.65)	-
Enterprise Fund:							
New Jersey Department of Education:							
Current Expense:							
Reimbursed TPAF Social Security Contributions	495-034-5094-003	227,607.35	07/01/14	06/30/15		(11,198.57)	
Reimbursed TPAF Social Security Contributions	495-034-5094-003	261,453.36	07/01/15	06/30/16			
Total Reimbursed TPAF Social Security Contributions						(11,198.57)	-
Total Enterprise Fund						(11,198.57)	-
Total State Financial Assistance subject to Major Program Determination for State Single Audit						(13,282.22)	-
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
On-behalf Contributions:							
T.P.A.F. Post-Retirement Medical	495-034-5094-001	48,335.10	07/01/15	06/30/16			
Teacher's Pension and Annuity Fund	495-034-5094-002	38,667.00	07/01/15	06/30/16			
T.P.A.F. Non-contributory Insurance	495-034-5094-004	1,926.15	07/01/15	06/30/16			
Total General Fund On-behalf Contributions						-	-
Total General Fund (Non-Cash Assistance)						-	-
Enterprise Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
On-behalf Contributions:							
T.P.A.F. Post-Retirement Medical	495-034-5094-001	273,898.90	07/01/15	06/30/16			
Teacher's Pension and Annuity Fund	495-034-5094-002	161,681.05	07/01/15	06/30/16			
T.P.A.F. Non-contributory Insurance	495-034-5094-004	10,914.85	07/01/15	06/30/16			
Total Enterprise Fund On-behalf Contributions						-	-
Total Enterprise Fund (Non-Cash Assistance)						-	-
Total State Non-Cash Assistance						-	-
Total State Financial Assistance					\$	(13,282.22)	-

The accompanying notes to financial statements and notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

Cash Received	Total Budgetary Expenditures	Passed-Through to Subrecipients	Repayment of Prior Years' Balances	Balance June 30, 2016			(Memo Only)	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2016	Cumulative Total Expenditures
\$ 2,083.65								
43,606.91	\$ (45,808.54)			\$ (2,201.63)				\$ (45,808.54)
45,690.56	(45,808.54)	-	-	(2,201.63)	-	-	-	(45,808.54)
45,690.56	(45,808.54)	-	-	(2,201.63)	-	-	-	(45,808.54)
11,198.57								
248,887.50	(261,453.36)			(12,565.86)				(261,453.36)
260,086.07	(261,453.36)	-	-	(12,565.86)	-	-	-	(261,453.36)
260,086.07	(261,453.36)	-	-	(12,565.86)	-	-	-	(261,453.36)
305,776.63	(307,261.90)	-	-	(14,767.49)	-	-	-	(307,261.90)
48,335.10	(48,335.10)							(48,335.10)
38,667.00	(38,667.00)							(38,667.00)
1,926.15	(1,926.15)							(1,926.15)
88,928.25	(88,928.25)	-	-	-	-	-	-	(88,928.25)
88,928.25	(88,928.25)	-	-	-	-	-	-	(88,928.25)
273,898.90	(273,898.90)							(273,898.90)
161,681.05	(161,681.05)							(161,681.05)
10,914.85	(10,914.85)							(10,914.85)
446,494.80	(446,494.80)	-	-	-	-	-	-	(446,494.80)
446,494.80	(446,494.80)	-	-	-	-	-	-	(446,494.80)
535,423.05	(535,423.05)	-	-	-	-	-	-	(535,423.05)
\$ 841,199.68	\$ (842,684.95)	-	-	\$ (14,767.49)	-	-	-	\$ (842,684.95)

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Camden County Educational Services Commission (hereafter referred to as the "Commission"). The Commission is defined in note 1 to the Commission's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance. Because these schedules present only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position and changes in operations of the Commission.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the Commission's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The Commission has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

Net adjustments to reconcile expenditures from the budgetary basis to the GAAP basis for the general fund and special revenue fund were not needed for the fiscal year ended June 30, 2016. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

Awards and financial assistance expenditures reported in the Commission's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 134,736.79	\$ 134,736.79
Special Revenue Fund	\$ 238,882.24		238,882.24
Enterprise Fund		707,948.16	707,948.16
Total Awards and Financial Assistance	<u>\$ 238,882.24</u>	<u>\$ 842,684.95</u>	<u>\$ 1,081,567.19</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

The amount reported in the column entitled "adjustments" on the schedule of expenditures of federal awards represents a favorable rounding adjustment in the amount of \$.76 resulting on the collection of an accounts receivable balance during the fiscal year ended June 30, 2016.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2016, the Commission was the recipient of federal and state assistance that represented either a reimbursement to the Commission or payments made on-behalf of the Commission. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the Commission has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, post-retirement medical costs, and non-contributory insurance related to TPAF members.

Note 7: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 1- Summary of Auditor's Results

Financial Statements

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

Federal Awards

(A Federal Single Audit was not required for the fiscal year ended June 30, 2016.)

Internal control over major programs:
Material weakness(es) identified? _____ yes _____ no
Significant deficiency(ies) identified? _____ yes _____ none reported
Type of auditor's report issued on compliance for major programs _____
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? _____ yes _____ no

Identification of major programs:

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

Dollar threshold used to determine Type A programs \$ _____
Auditee qualified as low-risk auditee? _____ yes _____ no

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 2- Schedule of Financial Statement Findings

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

None.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

A Federal single audit was not required for the fiscal year ended June 30, 2016.

CAMDEN COUNTY EDUCATIONAL SERVICES COMMISSION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

None.

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

This section identifies the status of prior year findings related to the financial statements and federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

A Federal single audit was not required for the fiscal year ended June 30, 2015.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

